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WEST EUROPE REPORT

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DEFENSE MINISTRY OFFICIAL COMMENTS ON COUNTERARMING, GENEVA TALKS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Mar 83 p 12

[Article by State Secretary Dr Lothar Ruehl: "Strategic Offer to the Soviet Union"]

[Text] Even after the elections in the FRG, 1983 will continue to be characterized by discussion of the counterarming resolution and the Geneva talks. Because of the fact that not only the peace movement and Greens, but also a part of the SPD leadership are adopting arguments by the Soviet Union, notions of the intentions of the West have blurred in the talks. In the following Dr Lothar Ruehl, state secretary in the Ministry of Defense once again sets forth the position of the West.

Arms control per se is not a policy because renouncing weapons by number or kind still does not provide security. The Western arms control policy was always directed toward stable security in a controlled conflict relation with the Soviet Union. All Western suggestions in the negotiations concerning troop reduction, limitation of military movements or limitation on strategic arms were and are aimed at stabilizing security.

This governing principle applies to the Western policy on limiting bilateral intermediate range land-based missiles between the United States and the Soviet Union to the lowest possible level, as the goal of the negotiations of the Atlantic alliance is circumscribed in the "dual resolution."

The offer to examine counterarming requirements "in the light of specific negotiation results" from the outset involved total renunciation of U.S. missiles whose deployment according to the alliance partners, of course, essentially supplemented and reinforced their regional capability to deter an attack in Europe with nuclear weapons based in Europe within range of Soviet territory.

The precondition for such renunciation would be a corresponding equivalent renunciation of all intermediate range land-based missiles (1,000 to 5,500 km) by the Soviet Union. This longest range goal marks the optimal solution to the problem of arms control, but not necessarily the optimal solution to a situation of relative strength which in a crisis of tension should support the stability of East-West relations and thus security in Europe.

For the security of the countries in the west of the continent, which are in the shadow of Russian missiles and bombers, tanks and guns, exposed to the missiles in western Russia with a warning time of a few minutes, it is absolutely essential that an effective counterthreat will definitely influence the military success risk calculations.

In the judgment of the Soviet supreme command every calculation of the military options in the event of a conflict must reveal the risk of a European war to be too great, even given the great superiority of the Warsaw Pact concerning rapidly deployable troops.

A calculably high risk of action is the factor of effective deterrence, which must focus on arms, defense planning and defense preparedness of the West on all military options of the Soviet Union concerning the North Atlantic alliance. (For any attacker the only thing that cannot be calculated in any given case must be the reaction by the defender and thus the sequence of escalation.)

When NATO's longer-range nuclear warheads in Europe were no longer sufficient to influence Soviet calculations of risk in this sense and thus to contribute to moderating the display of Soviet power in a crisis, that is, to rebuff the threat to Europe from Soviet military power, the NATO partners in 1979 decided to modernize their longer-range regional nuclear warheads. This program for up to 572 nuclear warheads of intermediate range missiles was included in the "dual resolution" to counter a negotiating point offered by the Soviet Union.

Linked with this was a threefold offer for stable security with fewer nuclear weapons on hand in the alliance's arsenals than before: I. Removal of 1,000 nuclear warheads from American depots in Europe. This was done at the end of 1980. II. Reducing the agreed upon number of nuclear weapons systems (for which, one by one, moreover, a weapon would be withdrawn) under 572, optionally to zero. III. NATO's renunciation of the instrument for optimizing its strategy of flexible reaction: it would do without the weapon capability to remove the western Soviet Union military targets which would have a basic function in directing, supporting and strengthening a large-scale attack on western Europe.

This renunciation of the means to implement a strategy of deterring attacks and the offer, respectively, to decrease and limit the number of these items to under 572 is of great importance then for the security of both sides if the Soviet Union recognizes and acknowledges the common advantage of a bilateral agreement.

The NATO partners are offering no less than a self-limitation which forgoes the means to keep constantly in check the Soviet land and air forces of the so-called Second Strategic Attack Staff of the Warsaw Pact, forces which are dangerous for western Europe (editor's note: these forces are the portions of the Soviet army in the western Soviet Union which can move out to the West if a war breaks out), that means, to seal off the advance of these Soviet forces. In return it became all the more essential to make medium range

weapons available in Europe when American superiority in the global strategic power relationship with the Soviet Union was equalized by Soviet arms in the intercontinental sector. This offer, of course, presupposes that the Soviet Union will grant western Europe equal security by recognizing the equivalent security requirements of the western European countries compared with the security requirements of the Soviet Union in respect to NATO. Only on this basis can an agreement be achieved. This basis also means that the rights and the upper limits between the intermediate range land-based weapons of both negotiating partners, the United States and the Soviet Union, are equally fixed. The level of arms which might be agreed upon in this can start between zero and a higher parity ceiling. An agreement with stages for gradual reduction to zero in a longer process is conceivable within the meaning of joint and equal security.

If it were possible to achieve such an agreement then it would be possible to include other weapons systems, such as airplanes and attack carriers of lesser range, in such limitations in a roughly balanced ratio. Concerning this possibility the perspective of the approach becomes clear: the strategic offer of self-limitation to a bilateral agreement and on the basis of a balance can involve all arms, including conventional armed forces and naturally the tactical nuclear weapons in Europe on both sides.

It is essential for the European security and for the effectiveness of arms control as a factor of stability in East-West relations that the Soviet Union dispense with the continental attack and threat option against NATO in Europe, that is, dispense with an attack potential of SS-20 missiles which represent an independently usable Eurostrategic factor for threatening. Deploying SS-30's against Europe characterizes (regardless of the about 250 remaining older medium range missiles of the SS-4 and SS-5 types) with 243-SS-20's in place (among which today at least 234 are operable) and with western Europe within their range such an independent continental strategic option. The number of nuclear warheads ready for use is over 700 (without taking reloading reserves into consideration), far above the conceivable magnitude which would be too small for such a strategic deciding factor. Even the quantities of 162 or 150 SS-20's with 3 warheads each which were mentioned by the Soviet offers comprise an independent attack and threat potential independent of available intercontinental missiles of variable range and missiles of lesser range.

Thus, the Soviet Union would have to reduce the number of its SS-20's very clearly below this level. This then leads to the question of the transfer of the excess SS-20's to Asia. The associated additional strategic threatening of other regions cannot be a matter of indifference to Europe or to the United States.

Straining of the relationships with China and Japan cannot be evaluated in the West only from the American point of view. Very clear conditions are necessary to ensure the possibility of verifying that the Soviet Union is honoring the agreement. A Siberian "gray zone" of deploying SS-20's on SS-20-systems which can be moved on roads and shifted by air, with the Transsiberian Railroad as the East-West shifting axis, would serve neither

the security of Europe nor the stability of arms control. Also, the zero solution remains the optimum for verifying an agreement.

But if the Soviet Union did not want to do without the SS-20's, then it would have to make acceptable suggestions for a bilateral parity level between the United States and the Soviet Union, limiting the SS-20's in Asia, too, which would be verifiable.

The unreasonable demand by the Soviet Union in Geneva to count British and French strategic weapons systems as part of a Eurostrategic East-West balance is an attempt to conceal the Soviet superiority, to affect international acknowledgment of the Soviet privilege for modern land-based medium range missiles, to remove the American nuclear power from Europe, and to maintain the continental strategic attack capacity of the SS-20's as an independent threat and attack potential vis-a-vis NATO.

This potential is to permit the Soviet Union to decide every conflict through the threat of its weapon power and to replace war as a means of politics by the fear of war among the weaker elements, but to keep war in reserve as something that can be resorted to. It is this challenge to joint security that poses such a danger to the independence of the west European countries and for the North Atlantic alliance.

The chance of negotiating in Geneva will depend on whether the Soviet Union will return to Brezhnev's view held in the summer 1980 that British and French like the Chinese missiles must be placed in a broader global strategic context for arms controls, not in a too narrow, bilateral negotiation context, or whether it will continue its unacceptable demands that 255 French and British systems (162 of these are missiles) be included as part of a total quota of 300 for the West.

In this the Soviet Union has neither the agreed-upon SALT criteria nor the logic of equivalency on its side: SLBM-sea missiles, according to the SALT definition, are "strategic" systems in so far as they are on nuclear powered modern submarines and were placed in service after 1964. In the INF-talks in Geneva, however, negotiations are not concerned with "strategic" weapons.

French and British sea missiles are like the American and Soviet ones; all these weapons can be moved by sea throughout the world and can also be used outside the European ocean regions. Because of their mobility they cannot be included in an agreement limited to Europe.

If in the calculations the same criteria would apply to the Soviet sea missiles as for the Anglo-French sea missiles, then at least 300 SS-N-6's, which are installed on Kola-based Soviet submarines, would have to be counted for the Soviet Union; thus more than twice the capacity (the number of sea-based British and French missiles is 144).

Thus, counting comparable weapons systems using equal criteria would only increase the denominator of the equation, yet would not alter the result of

the computation; Soviet superiority cannot be eliminated--except by dismantling and breaking up excess Soviet missiles.

On the other hand, for the Soviet Union to give up threatening western Europe with SS-20's would open a way for both sides for a bilateral, balanced and verifiable disarmament without a security risk. The end of 1983 presents the first deadline for this, a stage on this path. If it were taken, then other armed and large numbers of armed forces on both sides would also become superfluous.

12124

CSO: 3620/254

ATAY ON 'PUBLIC STRONGHOLDS' OF ARMENIAN TERROR

Istanbul TERCUMAN in Turkish 14 Mar 83 p 4

["This is Earth" column by Zafer Atay: "Open Terror"]

[Text] "Post Office Box 892-114, Tarzana, CA 91356". This is the headquarters of the gang called the "Justice Commandos of the Armenian Genocide" which cowardly attacked our ambassador in Belgrade. The daily, ASBAREZ, which incessantly insults Turkey, is also published from here. This paper is also the press organ of the "Armenian Revolutionary Federation." The headquarters of the Federation is in the same area, and there is a large sign at its door in English and Armenian.

Archbishop Yeprem Tabakian is a so-called priest who wears a large hood and a long black robe and carries a scepter. Tabakian is the "Prelate in the Western United States of the Armenian Antilias Holy See." You can see him any time in Los Angeles. He conducts Mass in churches. He makes speeches lauding the killing of Turkish diplomats.

Ara Toranian lives in Paris. He is one of the leaders of the "Armenian Cultural Association" where the ASALA [Armenian Secret Army for the Liberation of Armenia] dogs are fed. He often appears on French radio and television to talk about how the Turkish diplomats are killed and to describe the murderers as heroes. This association, too, carries a large sign at its door.

Patrick Devejiyan is the personal lawyer and campaign director of Paris Mayor Jacques Chirac, who is the likely future president of France. Devejiyan is an ASALA leader. This so-called jurist has had the audacity to tell Turkish journalists: "We will start striking Turkish targets in America."

In Brussels, there is a luxury restaurant called "Ararat" at the Grand Platz in the center of the city. The owner of the restaurant is an Armenian and is very rich. It is obvious to everybody that money for attacks on Turkish diplomats is put together here.

A dark-faced stone building rises in the Troodos mountains in the Greek sector of Cyprus. The sign at the door of the building says the "Melkonian Institute." Strong evidence exists suggesting that the institute is the headquarters of Middle East-based Armenian terrorists. The Melkonian Institute is supposedly a school for priests.

The monastic school in Jerusalem where poor Christian children gathered from around Turkey are educated has for years been training leaders for Armenian terrorism.

The Armenian Party in Beirut is still functioning. It even has deputies in the Lebanese parliament. Everyone knows that the party provides assistance to ASALA and others.

In Athens, the Cyprus-Greece-Armenia Association operates from a very central location in the city. This association, together with a number of cowardly Turkish fugitives, organizes demonstrations and meetings and publishes statements of joy after every murder.

In Moscow, the dark-faced building across from the Kremlin Palace is the KGB headquarters. This building houses the Third Directorate which is responsible for terrorist movements for an area including Turkey. This directorate is headed by a professional terror expert called Brutens, who is of Armenian origin. NATO meetings have discussed secret reports to the effect that this directorate headed by Brutens provides training and arms to the Armenian terrorists.

This list can go on further. We did not get these names and addresses from very secret sources as some might think. Information on most of them was published in Turkish papers. We found some of them from U.S. and British media. We discovered that Armenian terrorism is the most open form of terrorism in the world. Everything is out in the open. There is nothing that is secret or concealed. The term "secret" appears only in the name of the so-called "Armenian Secret Army." Naturally, it is unlikely that the authorities do not know what we know.

The most important reason behind the ferocity of Armenian terrorism is the fact that it is protected. No matter how determined the Reagan administration is in fighting terrorism, one must not forget that the Governor of California--which is one of the centers of Armenian aggression--is George Deukmejian.

In France, Armenian terrorism has access to a chain of cooperation that extends all the way to President Mitterrand. In fact, LE FIGARO wrote that the Mitterrand administration was very upset with the death of a Frenchwoman as a result of an attack on a Turkish-owned tourism office on grounds that "the Armenians violated the gentlemen's agreement and blew up one of our citizens."

French Defense Minister Hernu and Interior Minister Defferre are among the leading French administrators cooperating with the Armenians. In our opinion, these individuals share the blame in every bullet fired against Turks in France.

We wrote all these as a reminder to all those--we do not think there are any--who started asking at home and abroad "where is the headquarters of these Armenian murderers?" after the cowardly attack in Belgrade.

We hope that these "open addresses" are asked to provide answers and that everybody has learned a lesson from the determination shown by the Yugoslav administration against terrorism and the heroism of the people of that country.

ASALA LEGITIMACY SUFFERS IN WAKE OF PARIS BOMBING

Istanbul TERCUMAN in Turkish 7 Mar 83 p 2

["In Daylight" column by Ahmet Kabakli: "'Racism Against Turks'"]

[Text] An Armenian bomb that went off in the Turkish-owned Marmara Voyage tourism office on 8th Street in Paris on 28 February killed a 26-year-old French secretary called Renée Morin. Four other employees at the office, thank God, escaped with slight injuries.

As will be recalled, Armenian bombs also went off at the Turkish Airlines office in Paris on 22 January, but that incident ended without deaths or injuries.

Commenting on this latest murder in our article on 2 March, we said: "The French will probably take the death of a Frenchwoman seriously. At least, they will not speak against Turkey in their radio and television programs and press articles."

Our prediction came amply true. I do not know about radio and television but the press is furious at the ASALA (supposedly it means Secret Army for Liberation) gang and the socialist French government. On the other hand, one can still hear affronts against Turks.

I only had the time to look at LE MONDE, LE FIGARO and FRANCE-SOIR. I am still waiting for the magazines. LE MONDE's editorial concludes:

"Racism against Turks must be avoided as much as the racism committed against the Armenians."

In the meanwhile, one must pay attention to the very subtle and organized "French racism." The French press which remained silent when more than 15 Turks were murdered by the Armenians is suddenly very emotional in the aftermath of Madame Morin's violent death. One must learn some "chauvinism" from France which has been clamoring for "humanism" around the world.

In any event, let us briefly review what the French papers are saying about ASALA's latest barbarianism:

"The first victim of terrorism in the France of 1983 fell on 28 February.

"It is noteworthy that in this Armenian terrorist act the victim was a Frenchwoman and not a Turk. Renée Morin has been killed in revenge for the Turkish army's massacre of Armenians in 1915. What is the connection? That is not all that is absurd: A 1983 Armenian army against a 1915 Turkish army! This particular murder was committed by the Armenian Secret Army [for the Liberation of Armenia], ASALA.

"The ASALA murderers not only want revenge for their martyrs of 1915, but they also want to intimidate French officials, who have started acting against them. What they want is to make France entirely open for all their bloody acts and to turn it into a country where there is no police oversight.

"ASALA's true target is not just Turkey and the 'genocide' (!) issue; they are approaching these murders from an undemocratic 'ideological' perspective."

Some of the papers have been harsher and have asked for Interior Minister Defferre's resignation. They have also complained about the clumsiness of the socialist government and have attributed the latest incidents to the government's soft stance toward ASALA.

An article in LE FIGARO by Jean-Charles Reix begins as follows:

"The Armenian Secret Army has organized several dozen murders since 1975. These bloody acts everywhere around the world were directed against Turkish diplomats and institutions. This time they chose Paris again for their operation.

"Why do they choose the French capital? Why does this 'organization', which at the end of last month distributed pamphlets saying that 'this struggle will go on until the occupied Armenian lands are liberated', always insist on Paris?" Reix thinks "there may be two reasons":

"1. International terrorism has found a comfortable shelter in France. Foreign terrorists can pass through French borders very easily. They can find money and a place to live here. Even if they are caught and arrested they are not expatriated. Even if they are tried they will never be sentenced to death.

"2. This government tolerates terrorists almost as if there is a secret agreement between the two. Furthermore, this government, which considers itself a 'people's government', is trying to please the Armenians. Because there is a highly-developed Armenian community in France."

In conclusion, if the death of a Frenchwoman--as sad as it may be--has opened the eyes of the French and has awakened feelings of justice among them we have reason to be happy.

French nationalism has been aroused, meaning that less concessions will be made to the Armenians. Meanwhile, maybe the French will start thinking about how right the Turks might be.

FIRST OFFSHORE OILFIELD BEING DEVELOPED IN BALTIC

Bonn DIE WELT in German 26 Feb 83 Supplement p IV

[Article by Harald Steiner: "Oil Fever in Kiel Bay"]

[Text] The first FRG offshore oilfield, "Schwedeneck-See," is now fast becoming a reality after prolonged planning. The platforms are supposed to be completed as early as November 1984; then the sinking of production boreholes will start virtually immediately. If the plans are met, then one year later the first oil will flow into a pipeline that will feed the "black gold" into an existing line near the Dithmarsh locality of Albersdorf; from there it goes to the refineries of the German Texaco in the Holstein heath.

The offshore oilfield will be exploited by means of two platforms, one of them in water 25 meters deep, the other in water 15 meters deep. It is a pronounced shallow-water field. Nevertheless, the tapping cost of approximately DM 370 million for a deposit of an estimated 2.5 million tons of crude oil is unusually high. The tapping project had to deal with several problems, some of them very serious, far beyond a normal oilfield in shallow water.

The underground field in part lies within the area of a submarine training site of the Federal Navy. Therefore, some of the field will have to be worked by means of a platform located outside the training site. This platform reaches the oil-bearing reservoir rock from a sizable distance through inclined (so-called "deflected") boreholes.

The field is situated near a busy bathing beach (platform A is about 4.5 km from the beach and platform B, about 3.5 km). Resistance from the people concerned with environmental protection, who envisage oil pollution of this bathing area, is planned.

The "optical pollution of the environment" is being counteracted by a very flat construction of the production platform. There are no structures on the smooth upper deck except for a derrick.

Ecologically important are the measures to prevent oil pollution. However, there is very little risk of that happening. An oil blowout from a production probe, as has happened occasionally in offshore fields (example: "Ixtoc" at the Mexican coast) is physically impossible in the Schwedeneck-See field. The oil

content of the "reservoir rock strata" at depths of 1500-1600 meters is not under sufficient pressure. The oil cannot reach the earth surface without artificial "assistance."

This inherent safety against blowout of the "Schwedeneck-See" oilfield is the result of "production historical" conditions. The offshore field is part of a large continuous field that ranges from the coast west of the Kiel Fjord via the open sea north in an arc and continues southward-eastward of the Kiel Fjord under the continent. The continental part of this field was discovered decades ago in the western arc. Production was started there in 1956. As a result, the pressure in the deposit was greatly reduced. In the beginning it amounted to 150 bars and was enough to force the oil to the earth surface. Today the pressure in the "Schwedeneck" continental field has dropped to about 105 bars and in the "Schwedeneck-See" offshore field to about 110 bars. Without "production assistance" the oil would be stuck 350-400 meters below the earth surface.

The possibility that cannot be excluded is pollution from the oil once it is on the surface and flowing to the refinery. A sizable oil accident is, however, very improbable with the available design technology of the pipeline sections. To reduce this risk, the production syndicate has changed its initial plans: it had been planned to pump the oil from the platforms to the shore, to degas and dehydrate it at the shore station and then to pump it back by sea to a transfer station for loading onto tankers. This loading at sea would have presented somewhat of a risk factor. Transportation by land with an additional 61-km-long pipeline from the shore station to Albersdorf was chosen as a solution, a solution that doubles the investments for transporting the oil, but offers a maximum of safety.

A further environmental factor increases the costs of this project, namely the hydrographic conditions in the Kiel Bay area. There raising of the water levels by several meters as a result of the storm tide is possible, with even higher waves in the shallow coastal water. But primarily the ice conditions are a potential threat to the platforms. From various frigid winters it is known that the Kiel Bay may freeze over. Currents and wind pressure then cause ice movements with pressure phenomena leading to superposition of ice floes. In experiments at the Hamburg Experimental Shipbuilding Institute--it has a large ice tank in which the effects of ice on ships and offshore structures can be imitated--it was found that ice thicknesses of at least 30 cm and pressure ridges of up to 5 meters can be expected.

Therefore, the platforms could not be built as relatively light steel structures as can be used in the normal shallow-water offshore production fields at other coasts. The Baltic Sea platforms consist instead of a base made of sand-ballasted hollow concrete blocks and a steel superstructure. Taking the possible ice risk alone into account in the design has more than doubled the cost of the platforms. The underwater concrete block will rest on the ocean floor and additionally will be safeguarded against shifting by steel aprons penetrating the ocean floor to a depth of 2 meters. This foundation including sand ballast weighs almost 13,000 tons and carries the 1,100-ton steel superstructure with two decks. The lower deck is 12 meters above the water surface and the upper deck--with derrick and heliport--is 18 meters above the water surface.

"Schwedeneck-See" is the first offshore oilfield in the world installed in an area of high ice risk. Thus it is at the same time a kind of teaching object for future tapping of oilfields in the Arctic.

While special problems greatly raised costs of tapping the Schwedeneck-See oilfield, the costs will be somewhat reduced because most of the installations can be constructed directly next to the field at a radius of 30 km. The actual platforms are being produced by the Kiel Howaldtswerke-Deutsche Werft AG. The quarters module for the deck of platform A is being built by the Lindenau-Werft in Kiel-Friedrichsort, a suburb of Kiel located at the Kiel Fjord. The hollow concrete blocks will be delivered by Bilfinger & Berger/Dyckerhoff & Widmann, a Kiel joint venture.

The construction of these hollow blocks, up to 30 meters high, constitutes a technological masterpiece. Up to a certain height they will first be built in the drydock, then they will be floated and construction will be completed afloat.

Starting at the end of 1984, "Schwedeneck-See" will have an annual production of 0.5 million tons, 10 percent of the present West German annual production of over 4 million tons.

12356

CSO:3620/257

DISPUTE ON ELECTRICITY PRICE FOR INDUSTRIAL USERS

Hamburg DER SPIEGEL in German 21 Mar 83 pp 79-80

[Text] Two giants of German industry, the RWE (Rheinisch-Westfaelisches Elektrizitaetswek) and BASF, the chemicals multinational corporation, are fighting over the electric power rate.

The business deal started off on a promising note. Ronaldo Schmitz, responsible for energy and raw materials on the board of directors of the BASF chemical firm, found "attentive and interested partners" in the state monopoly firm EDF (Electricite de France) in Paris.

What was involved was electric power. EDF was ready to deliver electric power at an "attractive price" to the BASF chemical factories in Ludwigshafen. The kilowatt-hour price was supposed to be 4 pfennigs or "even more reasonable"; the ordinary German consumer pays his supplier of electricity 20 pfennigs or more.

One obstacle had to be removed before conclusion of a contract. Neither the French nor BASF have power lines of their own from the border to Ludwigshafen. RWE in Essen has the power line monopoly.

Therefore, chemicals manager Schmitz went to RWE with the request that it deliver cheap electric power to him from France for a fee. But the RWE board of directors "took a hard line." (Schmitz) They curtly rejected "passing through" the French electric power to the BASF.

Hardly anything else could be expected. For the chemicals manager wanted to fend off a price attack of the very same RWE, his supplier of electric power in the past, with his EDF coup.

The Essen electric power firm had notified the Ludwigshafen chemical enterprise of an explosive price increase" (Schmitz) of more than 100 percent. But price increases for electric power result in a considerable

rise of production costs of the heavily energy-dependent chemicals firms. Schmitz figured out that 6 pfennigs more per kilowatt-hour would add up to over DM 300 million a year for the Ludwigshafen chemicals plant. "That eliminates the entire profit," Schmitz said indignantly.

The price increase that RWE wants to impose on its bulk purchaser BASF indicates a change of policy on the part of the electric power companies. The electric power industry had always rewarded its industrial consumers with specially reasonable rates.

It used to be said that no electric-power customers adapted themselves to the needs of the producers as did the industrial customers.

The electric power plants are able to offer the power to their bulk customers at a much more reasonable rate because the latter are directly connected to the extra-high-tension and high-tension networks and are contributing "especially to the full utilization of the capacities." (VDE--German Electric Power Plant Association)

In this connection, doubts had arisen time and again whether the electric power plants are giving excessively preferential treatment to the bulk customers. However, the VDE always rejected as incorrect the suspicion that the ordinary citizen subsidizes the choice low prices of the special customers through his high electric power rate.

Now all of a sudden everything is entirely different. The Essen electric power managers justified the price increase by saying that the low rates are no longer acceptable because the costs had sharply risen. But this does not appear to be very plausible. The profit-and-loss statements of the electric power producers continue to be excellent.

It is more likely that the electric power plants want to use the industry lobby more than heretofore in their battle for nuclear power plants.

Politicians and journalists are to be bent to the power industry's will with the argument that German industry production is too expensive in the absence of inexpensive nuclear power.

There are practically no alternatives for industrial enterprises such as the BASF. According to the energy industry law, a relic from the Nazi period, the electric power princes enjoy exclusive territorial rights which protects them from all competition in their reserved territory. "To prevent the harmful effects of competition," the Nazis had enacted the law that continues to be valid.

If this law were no longer on the books, then the industrial consumers or even municipal distributors could ask for several competitive bids on the electric power market. The exchange of power under competitive conditions would probably contribute to economically better utilization of electric power.

"It is high time," electric power purchaser Schmitz appealed to the politicians in Bonn, to rectify the "short circuit in competition" and to break up the territorial monopolies.

But industrial managers such as Schmitz are only coming to this realization since the electric power producers are no longer spoiling them with lowest rates.

12356

CSO: 3620/266

NO IMMEDIATE RELIEF FROM OIL PRICE DROP

Istanbul HURRIYET in Turkish 22 Feb 83 p 14

[Text] Although world oil prices have taken a nose dive, it is reported that Turkey's crude oil import bill remains "unchanged for the moment." Officials stated that they "are closely monitoring the falling world oil prices and the general situation" and that they "will do whatever is necessary." The officials added that Turkey will ask for price cuts from the countries with which it has official oil import agreements.

While the "price war" begun by OPEC members has cut OPEC's "benchmark price" from from \$34 to \$27 a barrel, whether Turkey will be able to benefit from these price cuts will depend on a review of contracts it has signed with various oil exporting countries.

TPAO [Turkish Petroleum Corporation] officials stated that Turkey has signed contracts with four countries to meet its petroleum needs in 1983 and that all contract prices, except those with Iran, are \$34 per barrel or more.

Thus, if Turkey cannot secure a cut in these contract prices it will be losing \$600 million to \$700 million in 1983 compared to the \$27 price level.

Meanwhile, although oil prices are expected to drop to \$25 a barrel on the spot market where only cash payments are accepted, Turkey can make very limited use of this outlet because of its solvency difficulties. It is reported that so far the Istanbul Petroleum Refineries have been able to purchase a single purchase of 100,000 metric tons.

Diesel Oil and Fuel Oil Prices May Soften

When we asked officials how the falling world oil prices may affect fuel prices in Turkey and whether price cuts may be expected, they said that "these falling prices may only soften diesel oil and fuel oil prices" and that "the price of diesel oil, currently 70 Turkish liras a liter, may fall by not more than 10 Turkish liras a liter." The officials added:

"Today, diesel oil is extensively used in transportation and agriculture, while fuel oil is used for lighting and heating in places where bottled liquefied petroleum gas is unavailable. Everywhere around the world the price of these two

products and that of gasoline is held the same. In our country, the price of diesel oil and fuel oil has always been kept low because of this extensive consumption.

"If the countries we have contracts with do not want to reduce their prices, special and confidential letters are written to them asking for price cuts in view of the new prices. Those countries then fulfill that request. In the case of countries with which there are no contracts the official price is the price of oil at the time of loading it onto a tanker. This procedure is used everywhere around the world."

9588

CSO: 3554/166

INTEGRATION OF NATURAL GAS INTO INDUSTRY

Istanbul TERCUMAN in Turkish 20 Feb 83 p 5

[Report by Turhan Birgil]

[Text] Of the more than 25 wells drilled in the Hamitabat field in Thrace, where natural gas was found last year, 6 have been made ready for production. TPAO [Turkish Petroleum Corporation] officials said: "As soon as pipes are laid between the wells and consumption areas, we will open the valves and start production."

The drilling work conducted by the TPAO in this natural gas field 20 kilometers away from Luleburgaz using Turkish engineers and workers is progressing rapidly. More than 100 engineers and workers have been working on the field in three shifts day and night. Apart from the wells that have been made ready for production, eight additional wells are about to be completed. In order to increase the yield and pressure of the gas mined from these wells a process called "fracturing" is being used.

In the natural gas production and storage region of Hamitabat five more test wells are also being drilled. After tests are completed these wells will undergo fracturing and other processes and will be made ready for production.

Apart from Hamitabat, in the Yenibedir natural gas field 7 kilometers from Luleburgaz, a new test well is being drilled. This well has so far descended 1,200 meters into the earth.

A series of natural gas wells have also been drilled in the regions of Umurca, Celaliye and Kaynarca where the TPAO is conducting oil exploration work. Natural gas was found some time ago in the Umurca-I oil well. This well is expected to hit oil reserves at 5,500 meters.

Giant Oil Rigs Used

In drilling natural gas wells the TPAO crews are using giant oil rigs which can drill as deep as 3,500 to 6,500 meters. The height of these rigs is 43 to 45 meters from their base.

First Experiment Successful

The natural gas pumped from Thrace was successfully used at the Pinarhisar Cement Factory in Luleburgaz. Officials stated that gas to the factory was cut after

the owners of the factory refused to pay for the gas they used for a short period of time.

The officials said that a number of industrial organizations, mainly the Thrace Glass Industries, have applied to buy natural gas and that, however, a pipeline must be laid between the wells and the factories before this demand can be met.

Meanwhile, the Turkish Electric Power Enterprise is preparing a project to support its Ambarli Thermal Energy Power Station with a thermal energy station working on natural gas.

Work by State Planning Organization

The State Planning Organization has determined that the natural gas pumped from Thrace can be used by the Gemlik Ammonia Plant and the Yarimca plant of the Istanbul Fertilizer Industries. A project is being prepared to transport the natural gas to these plants so that they can replace the petroleum-based naphta they are using as raw material with natural gas.

When the project is implemented, the natural gas pumped in Thrace will be delivered to Gemlik and Yarimca through a pipeline which will cross the Bosphorus.

9588

CSO: 3554/166

ACCEPTANCE OF WAGE PACKAGE GIVES SCHLUTER 'BREATHING SPACE'

Helsinki HUFVUDSTADSBLADET in Swedish 15 Feb 83 p 13

[Article by Sigyn Alenius]

[Text] Copenhagen--All the Danish wage agreements have now been concluded. The trade and business sector led the way by being the first union to reach an agreement calling for increases within the 4 percent recommended by the government. The rest of the LO [Danish Federation of Trade Unions] soon followed, and that model has now been accepted by the national and local government employees as well.

The whole process was so painless that it actually surprised the negotiating parties themselves. The explanation is good will on all sides. The government avoided firm decrees and direct intervention, which are always unpopular in Denmark, where the parties in the labor market prefer to settle things themselves. Prime Minister Schluter was content to recommend a maximum of 4 percent, which, if accepted, would be rewarded with tax relief totaling 2.5 billion Danish kroner.

The LO actually had its back to the wall. Over 300,000 are currently unemployed. The leader of the LO has long felt that wage advances are not the way to increase production and exports and, as a consequence, create more job openings. Quite the contrary. That is why the unions yielded to the LO's economists, who approved of the government's 4-percent limit. All the unions have also kept the door open for negotiations on further wage adjustments during the life of the agreements, which run for 2 years. The employers had wanted to avoid that, but the LO was adamant.

Wage Indexing Dropped

The biggest gain for the employers in these wage agreements was the elimination of automatic wage indexing. Since the end of the war in 1945, wages in Denmark have been tied to the cost-of-living index, a situation strongly opposed by the employers and, in the political arena, by the nonsocialists. During its very first week of work, the new nonsocialist government succeeded in abolishing indexed wage increases for the next 2 years. The LO did not have time to raise objections before the law was passed. Now the union is growling loudly: indexed wage increases have always been the LO's sacred cow and, as the LO usually puts

it, the only guarantee the wage earners have of not being left behind by price developments.

The employers are now hoping that the law abolishing wage indexing will be permanent. The LO, on the other hand, has promised positively to take up the matter again when the recently signed contracts expire 2 years from now.

Concealed Economic Countercurrents

The contracts ensure labor peace for the next 2 years. That obvious advantage is counterbalanced on many points, however, by more or less concealed economic countercurrents. The government's goal and intention has always been to increase the ability of Danish goods to compete on foreign markets. The government felt that this could be achieved with a 4-percent ceiling on wage increases, which, in the government's opinion, would be lower than those in competing foreign countries.

Since that objective was formulated, however, Denmark's biggest trading partner, Sweden, has devalued by 16 percent, and its devaluation has also infected Norway and Finland, while the FRG, which is Denmark's next biggest trading partner, is going to pursue an even tighter economic policy than Denmark's--and that includes the wage policy. In other words, the FRG's policy will be more favorable to export goods than Denmark's.

On that point, the only hope for the Danes is to see the FRG put its expected revaluation of the German mark into effect fairly quickly, since the practical effect will be a devaluation of the Danish krone on the West German market.

Risk of Wage Drift

Lastly, it has not been possible to eliminate the risk of wage drift. It is true that the wage agreements limit the possible wage negotiations during the life of the current contracts to three or four and also give the employers new powers to keep the total wage increases in each individual firm under control, but wage drift has always been a strong trend in Denmark. And especially strong pressure in all the unions can be expected this time. The wage agreements have given the low-paid sector the most, and the demand from higher-paid employees will probably make itself quickly felt, according to the old pattern: "If you got it, I will, too."

Politically, the agreements give the nonsocialist government a breathing space and labor quiet that will last at least through spring. The threat of new elections, which has hung over Prime Minister Schluter's minority government since its very beginning, has now been pushed to the sidelines. Schluter probably need not fear any plots before next fall, when the discussion of next year's budget starts to the accompaniment of vigorous new efforts to retrench.

Promise of Tax Relief Difficult To Keep

The government's internal controversy with the Social Democratic opposition at the moment concerns the promised tax relief. The wage agreements have stuck to

the 4-percent ceiling set by the government, says Prime Minister Schluter. So it is the government's duty to keep its promise concerning tax relief, which would have the practical effect of putting about 1,000 kroner per year in the wage earners' pockets.

But it looks as though Schluter might not have a chance to keep his promise. He does not have a majority. He needs the votes of both the Progressive Party (founded by Glistrup) and the small Center Liberal Radical Party. The Glistrup people always go along with tax reductions, but the Radicals are hovering, as they usually do, between the Social Democrats and the nonsocialists, and this time it looks as though they will choose the Social Democratic line, meaning that the tax reductions will not go through.

As formulated by opposition leader Anker Jorgensen, the Social Democratic argument runs as follows: if the government is going to spend money, it should use it to create employment, not to reduce taxes. By saying that, he is bringing up the old conflict between the Social Democrats and the nonsocialists: the nonsocialists do not want what they call the artificial employment area--that is, jobs that are subsidized by the state in various ways. The nonsocialists prefer to stimulate private enterprise by reducing the tax burden.

If the government does not gain support for its tax plans, however, that will not mean that the opposition will be able to push through its employment demands. Prime Minister Schluter says that in such a case, the money will just stay where it is. It will be used to support the frail national budget. The nonsocialist government does not intend to put through any new employment projects.

11798

CSO: 3650/124

BIEDENKOPF INTERVIEWED ON UNION'S ECONOMIC CONCEPT

Hamburg DIE ZEIT in German 25 Feb 83 pp 19, 20

[Interview with Kurt Biedenkopf by Richard Gaul and Michael Jungblut:
"'Good-Bye to Growth Illusions'"; date and place not given]

[Text] DIE ZEIT: Herr Biedenkopf, when the change of power took place in Bonn, was the CDU ready? Was it adequately prepared for taking over the responsibility in the middle of a serious crisis? The first few weeks deepened the impression that 13 years in the opposition had not been used to develop new concepts for the solution of economic and social questions. After all, it is not enough to fall back on Ludwig Erhard.

Biedenkopf: The CDU never said that resorting to Erhard would replace the answer to the econopolitical future. Nevertheless, the memory of Ludwig Erhard has a very important basic function. It means progress when compared to the last 15 years--and I am deliberately including the time of the grand coalition--that the Union remembers the fact that at the beginning of the 1960's Erhard prophetically raised the following questions: Why is it that the growing prosperity in a social market economy does not strengthen the willingness of private households to assume new risks in life, but that an increase in prosperity also raises expectations when it comes to the provision of public services? The growth of the 1960's and 1970's apparently created an illusion of capacity which highly overrated the actual possibilities of a modern industrial society. Erhard wanted to counter this illusion of capabilities. Therefore he issued the call: Society should fall in line. The fact that an "aligned society" resulted, killed the request. The illusion was seized and it became the political program.

DIE ZEIT: But all the parties had a hand in it.

Biedenkopf: The attitude of the CDU toward this development was always extreme hesitation. It did not lose its bad conscience.

DIE ZEIT: The impression that the CDU does not have much of a platform has been strengthened by the fact that it fundamentally changed its position on the forced loan within a very short time. After all, the CDU/CSU and the FDP fought against the tax surcharge on high-income earners which had been

demanding by the SPD. Suddenly the nonrepayable investment-promotion levy became the party program after all. The CDU always used touching words when complaining about the state debt and it severely reprimanded the SPD. But now it is barely in power, and it even increased the projected debt. How can it lead to confidence in the economy?

Biedenkopf: Creating confidence requires doing the right thing and also presenting it as it really is. If mistakes were made, they occurred in the second area. For a long time I have been of the opinion that a large part of the national income must be rechanneled into investment areas. There is not only the political aspect to the social question of distribution. I can only distribute what I have earned. As a consequence, the first priority is to increase the national income before social problems can be solved. For that reason we have been saying for years--regardless of the election campaign--that the person who is willing to invest a proportion of his income in business ventures must receive tax relief and the person who does not do so must be taxed at a higher rate as a compensation. We have to take into consideration that money invested in business is like a twofold mortgage: Business risks and the social mortgage which come due when the business closes down. As long as private money is given to productive purposes, it is in the public interest not to decimate the money but to let it work. The treasury should not knock on the door until capital is no longer invested.

DIE ZEIT: But Bonn had not issued clear statements on tax policies like you do.

Biedenkopf: This demand could not be realized during coalition negotiations. For that reason I supported efforts to include these thoughts in the election program. It should not only be done because of social equality. There should also be a signal: Whoever invests, saves; whoever consumes, pays. Therefore, the approach that was found--the solidarity contribution--is not the same as the tax surcharge.

DIE ZEIT: It's likely, almost certain, that voters will not accept the argument. Furthermore, the announcement that a law which was passed a few days ago will be changed immediately after the day of the election on 6 March will certainly not build confidence. At any rate, the consequence will be that many investors will ask themselves: "Since they are already changing course so easily what will they do after 7 March when they will perhaps come to power without the FDP? The following principle has already been used twice: "What do I care about what I said yesterday."

Biedenkopf: I am not disputing the fact that there were irritations in this area. It applies also to the second part of your question. It is true that the new government projects new, higher debts in the 1983 budget. But we were faced with an existing budget which contained a deficit estimated at DM 28.8 billion. This deficit, however, was based on assumptions that were totally unrealistic: three percent of real growth and a much lower unemployment rate than what we have right now. We replaced these expectations with realistic ones: No growth and an average of more than 2 million

unemployed persons. Estimates of tax revenues also had to be adjusted downward. All of these factors would have resulted in a computed deficit of more than DM 50 billion if the budget structure had been retained. Extraordinary efforts enabled the Union to reduce this deficit to DM 40 billion.

DIE ZEIT: It was the same with the SPD. It used the same approach and again and again it stumbled into higher deficits.

Biedenkopf: The first effort by Social Democrats to reduce anything was Operation 82, which subsequently led to the collapse of the coalition. After all, within a relatively short period of time we were able to create some clarity in budget matters. We did not base the budget on growth illusions. On the contrary, in view of the Bundestag election we attacked a number of politically extraordinarily sensitive issues, and in the beginning my party was occupied with fighting the demagogic abuse of these decisions. If something went wrong in the process, it was in the area of sales. In the meantime, however, the accuracy of these decisions has more or less been accepted.

DIE ZEIT: But what is going to happen after 6 March? New problems will require new answers. Does the CDU have any concepts for a period which will perhaps be marked by slow growth and high unemployment? To date there has been little evidence of it except the hope for economic growth.

Biedenkopf: When you take over the government after so many years, you are first overwhelmed by the practical problems arising from the assumption of power. Following 13 years of SPD government, corresponding personnel policies and programs, none of the respective ministries were prepared to smoothly implement a new political concept. Even if everything had been filed away--and many things had been filed away--it cannot be realized immediately for that reason. What the party will have to get across right now is a feeling of great inner assurance that it possesses the basic principles to provide the right answers to the challenges of the time.

DIE ZEIT: Apparently it has not yet reached the public. Is it possible that the Union has been dwelling too much on trivia?

Biedenkopf: The discussion of "trivia" was nothing else but the inevitable consequence of the correction of an existing budget. After all, the old coalition failed in face of these "trivia." The normal everyday activities of the new government deal with the settlement of these problems. For a while this task required most of its attention.

DIE ZEIT: Perhaps a sweat-and-tears speech would have attracted the necessary attention, if it had pointed out in all clarity the enormous tasks that have to be faced during the next few years.

Biedenkopf: There was no need for blood-sweat-and-tears speech. It would have been the wrong speech. The right speech must contain the following words: We can do it, we have the strength; the people are basically healthy, our country is basically healthy. It is exactly the kind of speech that Helmut Kohl is giving throughout the country.

DIE ZEIT: It all sounds so beautiful. But nobody can get any idea about how the Union will approach the big questions of social policies or unemployment if the rather vague hope for growth should not be fulfilled. What is going to happen if there is no growth?

Biedenkopf: First of all, we will do everything possible to get the economy moving. We want economic growth. We will do everything possible politically to promote growth. We are not of the opinion, however, that without growth there is no politics. Toward the end of the 1970's, I already sounded a warning in the Bundestag not to give in to the illusion of permanent growth. During the second half of the 1970's everybody in the Western industrial nations believed that it was not possible to govern these nations without growth....

DIE ZEIT: ...even today many people still believe that.

Biedenkopf: This belief is a mistake. It was the direct consequence of the illusion of capabilities of politics and of the capability and efficiency of a liberal economic society. It also affected the question as to what politics can accomplish within the framework of economics and society. It was the result of the high growth rates of the 1960's and the early 1970's. People generally felt that politics can produce and guarantee such growth rates.

DIE ZEIT: You do not believe it any longer.

Biedenkopf: Full employment and growth, first of all, are social phenomena. They can be promoted or checked through politics but they cannot be replaced. It is the reason why politics--in contrast to its promises--cannot guarantee full employment. The illusion that it can be done in that manner is the typical expression of a wrong assumption of what politics can do. As a consequence, during the 1970's there was not only a decline in the willingness to invest, but there was a general decline in the willingness to solve social problems when compared to state problems. The current econopolitical discussion suffers from the fact that the economic development is largely a result of econopolitical realm is being neglected. It also applies to experts. Nevertheless, this dimension has become more and more important along with the growing prosperity of the population.

DIE ZEIT: Are you saying that there have been changes in the social environment which affect economic policies?

Biedenkopf: Yes. It applies to the structure of social systems, to the stagnation in labor markets as well as the goals of contract negotiators. A policy which wants to overcome the economic crisis which we are experiencing today must recognize it as the cause for the economic crisis.

DIE ZEIT: But is it not a fact that the Union evoked the impression again and again that going back to the virtues of the 1950's would be all that is needed to introduce a new phase of reconstruction? Helmut Kohl certainly likes to talk about such subjects and he swears by the old values of diligence, patriotism, family.

Biedenkopf: During the 1950's there was a shortage of capital, but there was a great potential for social involvement. During the last 20 years we have amassed a large amount of capital, but this available potential has been tapped less and less. Now we have to reactivate this available source. The fact that the potential is there is evident, for instance, in the Green movement. But that is not the only place. There are people everywhere with increased potentials and prosperity who cannot let them go to waste permanently.

DIE ZEIT: Some of them have already found a few areas of activity, but apparently they do not want to be involved in "official policies."

Biedenkopf: If they do not provide them with opportunities for development or if they feel confined, they will look for their own fields of activity outside political institutions, which may prove to be too inflexible to adapt to the growing potential. It leads to the formation of subsystems. The most important of them is the shadow economy. But there are also political subsystems. The Greens are among these.

DIE ZEIT: Do you consider this phenomenon a danger to society?

Biedenkopf: No. Such subsystems can prevent ruptures in a society which otherwise has become stagnant. When institutions become stagnant, they can no longer change, only fall apart. When people create more elbow room for themselves through alternatives and in the shadow economy, they grant additional time to institutions to make changes and to adapt. Of late, political parties and social organizations are beginning to pay attention to this phenomenon. It is good if it leads to the question: What must we do, and to the realization that parties, associations and bureaucracies must also yield something. Trying to react to the formation of subsystems with additional regulations or with criminalization must be avoided. But I get the impression that even the large institutions are past the phase in which criminalization is considered to be the answer.

DIE ZEIT: But how can such deliberations and observations lead to the development of a policy which can be applied during the slow-growth years of the 1980's and which can lead to a solution to the most important problem we are facing right now, the employment crisis?

Biedenkopf: When we refer to the 1950's, the reason is to show what was done at that time by using the available capital. It clearly shows the potential that exists today; all we need is to mobilize the capabilities and the available capital. When we refer to the 1950's we do not want to restore the conditions of that time--in social policies, for instance. It would be absurd, because many accomplishments in this area represent progress. We do not want to return to the practices of that time, because we are living in a different time. Rather, we want to revive the experiment we had when we mobilized the available capital. If this experience is revived today, confidence and trust will grow in the capabilities of our society.

DIE ZEIT: You mentioned that full employment and economic growth are two different things and that they must be separated. Today, however, according

to the current opinion unemployment cannot be eliminated without economic growth of between 4 and 6 percent. At the same time, there is almost nobody left who is willing to assume that we can achieve this long-term goal.

Biedenkopf: First of all, we have to ask ourselves what economic growth actually means and what we are describing when we use this term. The term is treated too superficially—even by the Council of Experts. As far as I am concerned, it makes little sense to debate the question whether we have a 0.5, a 1.5 or a 3-percent growth rate. The important thing is to establish a standard for measuring the health, the quality and the efficiency of our economic system and its productivity. Productivity exists even where people paint their own houses. It also exists in the shadow economy. But we cannot measure either one of these two activities. Nevertheless, the effect on our economic system is considerable....

DIE ZEIT: ...A reduction in the workweek is not entered into traditional growth statistics either.

Biedenkopf: If I use the estimated figures on the shadow economy in the FRG that were presented during the annual meeting of the Association for Social Policies as a basis and take the lower figure, which is 5 percent of the gross national product, it comes to DM 80 billion. The upper limit is 10 percent or DM 160 billion. These DM 80 to DM 160 billion and their changes cannot be disregarded when we look for the political significance of growth.

One aspect of this political significance is the discrepancy between what the people have and what they want. If the people try to close these gaps outside the organized economy, where are the impulses to come from to stimulate the official economy?

Furthermore, pronouncements of official growth rates do not take into consideration the effects of modern technologies on prices: the improvement in satisfying needs at lower prices. It applies to most of the areas which today are considered growth areas: computers, videorecorders, television sets, refrigerators, radios or pocketwatches, etc..

Even if the gross national product is not going to increase in this country, satisfying people's needs can improve, which in turn, will lead to a reduction in social growth impulses.

These two examples suffice to illustrate the fact that estimating growth rates to one position following the decimal point is similar to the medieval discussion of how many angels can stand on the head of a pin.

DIE ZEIT: Many factors that are becoming more and more important to people today, particularly to young people, with respect to an understanding of the quality of life, are not even considered in traditional growth calculations.

Biedenkopf: The current phase of development is not only strongly influenced by new technologies, but it also carries the mark of a higher level of education and a growing concern of the population for the future. I am

including the environmental awareness which is leading to changes in econo-political goals. Not only quantitative growth but also the protection of resources is more and more becoming an econopolitical goal. But the nominal estimates of the gross national product tell little about whether I will achieve this goal. And there is a second aspect: if the protection of resources is generally accepted as a goal, it cannot be limited to environmental resources or capital resources. It must also include the resource of human labor. On the other hand, if the resource of human labor is protected, there will be less work.

DIE ZEIT: But it could also be interpreted as an apology for the current condition. A large majority of the 2.5 million unemployed people are probably not very happy about this kind of protection.

Biedenkopf: Unemployment does not result from protecting resources but from the fact that the labor market is organized improperly for the new tasks. Consequently it must be reformed. The labor market is one of the most important institutions of society. Its organization and constitution are the result of growth conditions. It represents only partially the concepts of a political order of the social market economy. It has become less and less flexible. In many areas the growth conditions have resulted in a kind of bureaucratic guarantee of working conditions. As a rule, a person who has a job assumes that he will have it permanently and that he has a right to it.

DIE ZEIT: It is a totally normal way of human behavior.

Biedenkopf: It is above all, the result of an experience in the FRG. During times of fast growth we experienced that one can stay with a company, that one can even receive a medal if one stays with it for 25 years, that one is protected from mobility unless one chooses it oneself; in other words, one is able to make a change and perhaps find a new employer but one is not threatened by change. Such experiences become solidified institutionally and legally. Under conditions of growing structural changes, however, they are no longer applicable. When competitive conditions and technologies change constantly, the labor market must go along with these changes. If it remains static, unemployment increases.

DIE ZEIT: And now those times are gone? When growth ceases, there are no more guarantees?

Biedenkopf: The period of a strong quantitative expansion has come to an end. The expense that would be necessary to achieve high growth rates would have to be enormous. There are no indications that the majority of the population is willing to spend that much money.

DIE ZEIT: In other words, the only thing left is the reform of the labor market. Does that mean a shorter workweek?

Biedenkopf: Of course, it is part of it....

DIE ZEIT: ...but is it not wrong not to view it as growth, immaterial growth? If we produce the same quantity of goods in half the production time, we cannot say that we have zero growth, that we are not better off than we were before.

Biedenkopf: When it comes to the experience of growth, we must differentiate between the macroeconomic aspect affecting the entire society and the micro-economic aspect of private households. These two do by no means develop in a parallel manner. It may apply when the gross national product remains the same while the population declines. In that case the per capita gross national product rises without a real increase and, as a result, the quality of life for private households also increases. The "growth effect" of modern technology is an additional factor. Consequently, the majority of households are better off. Their willingness to mobilize energies for the growth of the entire economy decreases accordingly. I do not want to discount the possibility that the national economy may experience growth, but it has become less probable. Nevertheless, when it comes to economic policy, I must proceed from probabilities if I want to influence social processes properly.

DIE ZEIT: What are the consequence? Certainly not the overwhelming call for growth which goes out from all the parties. What conclusions are you recommending to the Union instead?

Biedenkopf: The following consequences are the result: First of all, we must remove all those obstacles which hinder the willingness of society to solve problems. It applies especially to the labor market. The continuing development of social structures must proceed in such a manner that they do not collapse for lack of growth; an example is the old age insurance. We must not block the gathering of new experiences. And, finally, I must mobilize the majority of those who are willing to participate in this creative work.

8991

CSO: 3620/249

POEHL SEES INDICATIONS OF ECONOMIC UPTURN

Hamburg DER SPIEGEL in German 21 Mar 83 pp 30-31

[SPIEGEL Interview with Bundesbank President Karl Otto Poehl; place and date not specified]

[Text] SPIEGEL: Mr. Poehl, is there any truth to the talk about an economic upturn? The investment billions that were promised in case of a CDU/CSU victory, are they now rolling in?

POEHL: Since late fall we have had growing signs that economic activity is reviving. The orders received by the construction industry have been increasing since the beginning of 1982; incoming domestic orders for the capital goods industry reached their lowest point in September 1982. Since November and especially December 1982 and also in January 1983--the latest figures available to us--such orders are considerably greater than those of the preceding year.

SPIEGEL: That was probably related to the discontinuance of the investment bonus.

POEHL: In November and especially in December this could in part be the case. But it turns out that this development also continued in January. This fact, together with other indicators, gives me some confidence that the upturn has actually started, however slow it may be.

SPIEGEL: Is the political factor being overrated in this connection? Even Otto Wolff, the president of the Federation of Chambers of German Industry and Commerce, has now stated: "It is really not yet possible to speak of recovery."

POEHL: I can only point to those things that can be documented. The polls of entrepreneurs regularly carried out by the Ifo Institute show that a clear change in public opinion has been going on for months.

SPIEGEL: How long does such an advance expression of confidence last? Is it enough for more than a brief period?

POEHL: Not only moods are involved here. Undoubtedly the objective conditions for an upturn have clearly improved for some time.

SPIEGEL: What time frame are you talking about?

POEHL: I am thinking especially of the decline in the rate of price increases, lowering of costs resulting from the reduction of import prices, the decline in oil prices. I also want to cite the improvement of our balance of payments, including invisible trade, which was noted last year and which has contributed to a decline in interest rates--of course a very important factor--for more than a year.

SPIEGEL: What possibilities do you envisage for a further reduction of interest?

POEHL: Last Thursday the Bundesbank provided an additional prop for the economy through a relatively great reduction of interest. In my opinion, we have now reached the limit of measures justifiable now and for the foreseeable future in view of a very strong monetary expansion.

We must not push reduction of interest to the point where price stability is endangered, for we as a bank of issue are primarily obligated to maintain it.

SPIEGEL: The DIW (German Institute for Economic Research) wrote recently: "However, the real interest rates continue to be very high even today. At this time they are likely to slow down investments too much." The DIW asks that you do more with respect to interest rates.

POEHL: The real interest rates, i.e. the difference between money market interest rates and the rate of inflation of roughly 3.5 percent viewed historically are not excessively high. But measured by the economic situation, I would also prefer a somewhat lower real interest rate. Only, that is an interest rate not created by the Bundesbank, but an interest rate formed by the market forces and where many things have some influence as determining factors, for example the size of the budget deficits, expectations for price increases. Not only domestic factors but also factors in other important countries have an effect. Moreover, the DIW, too, will probably be satisfied with last Thursday's decision.

SPIEGEL: Let us return to those hopeful signs that, in your view, will now bring the upturn. You are citing the declining oil prices as a stimulating element. Is it correct to say that without reservation? Lower oil prices also signify that some of those countries that thus far have been among the main customers of the Germans will be less solvent.

POEHL: That is undoubtedly correct. I do not want to create the impression that the Bundesbank will now spread economic euphoria. There are a lot of

risks for the economic development. These risks include primarily impediments to our exports, because of the financial difficulties of a large number of developing countries to which a number of oil-producing countries also must now be added.

Of course, on the other hand, the decline in the oil prices means a clear relief of their balance of payments and thus also more leeway for imports, especially for the big industrial countries but also for the non-oil-producing developing countries. Domestically, lower oil prices reduce production costs, and increase real income and real purchasing power.

SPIEGEL: Which factors predominate?

POEHL: I think that on balance the reduction of oil prices will have a positive effect on the economic situation and the growth in the oil-importing countries. The IMF and other international institutions are of the opinion that an expansion of international trade can be expected this year. The German export industry would undoubtedly profit by that.

SPIEGEL: Do you consider this assessment of international trade as realistic?

POEHL: Yes. Above all optimism is based on the fact that there appears to be a gradual economic revival in the big industrial countries, first of all in the United States, where a considerably stronger growth is expected than a few months ago. But also Japan, Great Britain, and other industrial countries show signs of a gradual recovery. The industrial countries are the most important customers for our exports.

SPIEGEL: Now in mid-March, how do you estimate the chances for growth in the FRG this year?

POEHL: The forecast in the annual economic report spoke of zero growth, that is no growth for the year on the average. There is no reason to change this forecast now. But it contains the hint of a clear economic revival during the year. And if the forecast has to be revised, then rather up than down.

SPIEGEL: In your opinion, what would be the source of the growth impulses domestically? Consumption is unlikely to provide such impulses after real wages, that is wages after deducting price increases, have not risen for the third year in a row.

POEHL: As already stated, the decline in oil prices, among other things, signifies improvement in the real consumer income. The budgets of the consumers improve with declining fuel-oil and gasoline prices. They can spend the money savings for other purposes.

SPIEGEL: In other words, oil, and not the CDU, causes the change.

POEHL: That is exactly the reverse process that occurred when oil prices rose. Then the additional money spent for oil could not be spent for other things, but, of course, there are other factors, such as, for example, restocking of inventories, revival of the construction industry, and the increase in capital expenditures.

SPIEGEL: If nothing else happens, the economy would have to assume an annual growth of 6-7 percent to attain full employment once again. Do you still consider such growth rates as realistic and attainable?

POEHL: Such growth rates can hardly be expected. But it also has not been established that they must be so high to have a positive effect on employment. At any rate, a growth of 2-3 percent is better than stagnation or recession. The problems we are now facing--unemployment, budget problems, the problems of pension schemes and so forth, maintaining the entire social security system as a whole -- are hardly solvable without growth. Therefore, all of us must be interested and contribute, so that the economic upturn that now seems to start gets stronger and will be safeguarded.

12356

CSO: 3620/267

CRITERIA FOR RUMASA SEIZURE, JUDGMENT HELD IN ABEYANCE

Barcelona LA VANGUARDIA in Spanish 24 Feb 83 p 5

[Text] The number of enterprises that are having difficulties keeps growing and the number of payment suspensions keeps going up. This sentence, word by word, corresponds to a study of the Spanish economy conducted last Saturday by the outstanding financier Jose Maria Aguirre Gonzalo at the time his company's board of stockholders met.

The financier's briefing was arranged around three major principles. First of all, he wanted to describe the gravity of an economic crisis in connection with which we would like to stress, along with many other indications, the following paragraph from his remarks: "People are not buying shares; there is no risk capital and without that, you cannot have a company; on the other hand, investments abroad have doubled last year and this indicates that people are on the move and, of course, if businessmen pull out here, if we old ones go, what is going to happen?" Aguirre Gonzalo also alluded to the danger of a crack in some collective that would have incalculable consequences.

His address, in its second part, precisely stressed the need for confidence. "We must all work together, we must work hard, and we must make gains," said Aguirre Gonzalo.

For better understanding however, both of these things must be put together. This is how Aguirre Gonzalo saw the situation which, in his third point, he built his address around some thoughts about the administration; after asking it not to exercise "parliamentary dictatorship," but rather to engage in dialogue, he added that, under these conditions, "we banks are prepared--as we have said--to obey the administration." "If the administration says one thing, we will be able to discuss that; but once a decision has been made, it has to be carried out and we have to obey," the financial patriarch, whose voice is usually heard so much, finally asserted categorically.

Of course, when problems are profound and when one faces a serious situation at the crossroads, then it is logical for tensions to rise and even in an administration team there might be materializing what prime ministers usually are most afraid of, that is, incompatibility among their closest collaborators.

Nor is it anything new that the poles between which the spark flies are precisely economic policy and political policy, the policy of the politicians who are

most professionalized in the life of the parties and who are most alert to the repercussions of sometimes technically advisable measures within society.

Right now, we can understand very well that Felipe Gonzalez is resisting the idea of cruelly eliminating tensions within the administration since he has barely begun his political action and since his administration is not even 100 days old as yet.

The confrontation between Mr Boyer, the minister of economy, finance, and commerce, and Mr Ruiz Mateos, the president of Rumasa, did not promise anything good. As a matter of fact, events have followed each other in such rapid succession that they even led to so drastic a decision as the expropriation of the banks and other companies of the Rumasa Group. The reason given by the administration spokesman had to do with the provisions of Article 33 of the Constitution, no less, when it says in Section 3: "No one may be deprived of his property and rights except for justified cause of public utility or social interest, through the corresponding indemnity and in conformity with the provisions of the laws."

It is the patrimony of the State which takes over these entities "thus absolutely guaranteeing the rights of depositors and employees," says one reference source. The tremendous significance of the decision calls for us to be very specific and precise. By "rights of employees" another reference source means jobs and to this it adds the patrimonial rights of third persons.

The least of it all is the immediate closing of offices for several days and the suspension of price quotations. The worst of it is that a force of 60,000 employees, who are in a critical situation--otherwise there would have been no such drastic and expensive decision--can in the future demonstrate sufficient viability to hold on to jobs and to take care of the rights of depositors and third parties. Not to mention the indemnity to which the Constitution alludes.

One thing is certain and that is that there is no lack of antecedents. Without going back to postwar times and its special motivations, we recall cases such as Interhorce in the textile industry and Segarra in the shoe industry. But the volume is infinitely greater and the variety of business patterns is quite different. The option which the administration found itself facing in the end was this: either to allow one after the other of the links in this big business chain to fall apart, with explosions that could have shaken the foundations of social confidence; or immobilize the situation and, with the state's own resources, take over the task of removing the deadwood while among other things upholding the rights of employees and depositors.

In this sense and in spite of the big remark about the "crack"--and here we remember the above-cited words of Mr Aguirre Gonzal--it seems that the administration has chosen the lesser evil in accordance with the permanent standards of political caution. A lesser evil but an evil nevertheless. And, of course, all of us are going to have to pay the price for this.

Naturally, everybody's attention--and mine, in writing this emergency comment --is held by the announcements and explanations which will have to be given today. The mere fact of an expropriation, which is rather unusual in the West, and the scope of that expropriation obligate us all to maintain caution in our judgments until they give us the data that are still missing.

5058

CSO: 3548/235

ROMEO AT SERIOUS ODDS WITH RUMASA EXPROPRIATION

Madred YA in Spanish 25 Feb 83 p 9

[Article by Emilio Romero: "The Rumasa Powder Keg"]

[Text] Spain has its sufficient and perhaps abundant share of economists, financial experts, economic journalists, and professors of economics belonging to all schools. We furthermore have a Confederation of Employers, an Association for the progress of management, and our seven high personalities in the banking field. Spain furthermore has a government in Basque country which is not socialist; an administration in Catalonia which is not socialist; and an opposition in Parliament and in the Senate which can make its voice heard through the various methods in use. All of this helps us in every day filling the mass communications media with theses, dogmas, apothegms, scientific analyses, and pragmatisms of various kinds. But this is not a specialized sounding board; instead, this is one observer noting what is happening in our agitated country. From this perspective I am prepared to view a landscape of events. Rumasa was one of the creative effervescences of recent years, parallel to the tremendous and miraculous growth of Spain which took place during the decade of the 1960's. Heading Rumasa was a young man by the name of Jose Maria Ruiz-Mateos who had a certain calming and assured character and, it seems, also an imagination resembling the kind we find in our men of letters, but this time in economic affairs.

Rumasa's expansion in recent years was so surprising that Rumasa would revive any industrial plant or business establishment that might show signs of failure or trouble. After the 28 October elections, people began to say that the troubled enterprise called "the Spanish Communist Party" would become a part of the Rumasa holding company with its four deputies. People were constantly talking about Rumasa as if it were a globe that could at any moment go down the drain due to any intentional or atmospheric accident; but the fact is that the globe continues to be in the firmament and lately it installed in itself in the famous Torres de Colon, opposite Almirante. Rumasa's creativity resulted in the production of two things of obvious interest: Some enterprises did not close their doors because Rumasa saved them and thus their employees were not laid off; and new enterprises appeared with their corresponding jobs. Could it be possible that all of this lacked solidity? Did economic imagination not also contain the proper caution and correctly see the necessary limitation so as not to blow up? Minister of Economy and Finance Miguel Boyer replied to

these questions in a rather resolute fashion. According to the minister, the line of this holding company of enterprises was not cautious; the percentage of its risks was very high and it absolutely lacked backing. The minister displayed some data to prove all of this; if those data are correct, then let no one ever tell me anything about the marriage of the great competence of the Rumasa top leadership and the hair-raising reality displayed by the minister. The imagination of a business man is stupendous but the logic of good common sense establishes the limits of imagination in these matters. The Spanish people will need a dialogue between Boyer and Jose Maria Ruiz-Mateos on Spanish television concerning this matter. The Rumasa president would represent imagination which proposed "expansion at all costs." And Minister Boyer would have to establish the limits of imagination in the face of reality. It is rather surprising that the imaginative person in this case is a man of the right, such as Jose Maria Ruiz-Mateos, while the cautious man is a socialist minister. The truth is that something like this usually happens to creative people. This reminds me of the case of the Marquis of Salamanca who wanted to build modern Madrid from La Cibeles to the old race track with the Ventas del Espirito Santo behind him, and he paid dearly for his failure.

But the Salamanca neighborhood is here. What is happening is that the charges made by the minister have been extremely grave since, apart from the presumed failure to meet his obligations toward the deposit guarantee fund, he might have perpetrated serious violations of tax law and social security provisions. I think that it is absolutely necessary for the Rumasa executives and managers, headed by Jose Maria Ruiz-Mateos, to give the information media an explanation, as the minister of economy, finance, and commerce has done and after that, let things develop the way they will in terms of their political and legal consequences. This is a minimum demand of democracy. This is true above all since Article 33.3 of the Constitution does not have any socialist aroma because it says that "nobody shall be deprived of his properties and rights except for justified cause of public utility or social interest." This is a provision that is contained in all of the Constitutions of all of the free countries. But we furthermore recall Article 38 which "recognizes the freedom of enterprise within the context of the market [free-enterprises] economy." This article is also quite conclusive on the legislation of the liberal and democratic countries when it says that "the public powers guarantee and protect the exercise (freedom of enterprise and the free-enterprise economy) and the defense of productivity, in accordance with the requirements of the general economy and, as the case may be, of planning."

Regardless of all of this, expropriation by a socialist administration quite logically causes a rise in the levels of concern in our economic, financial, and business world. It is true that the election programs of the socialists and the conversations between Felipe Gonzalez and the bankers rejected nationalizations because "they are not useful." But it so happens that the Constitution is permeable and elastic in its Chapter III which deals with guiding of social and economic policy. The model of society does not appear clearly in the Constitution. This means that Spain's Constitution can assimilate some principles and dogmas which appear in the programs of socialism. Contradicting an election promise is not impossible either. It does not seem that this is the intention of the socialists but the speed, the urgency, the information released to the press, before the facts were given to Parliament, and

the preference for expropriation rather than intervention [management takeover] --these offer a panorama of fears. At a moment in the affairs of Spain, when the preferred topic is unemployment, because that is our principal social calamity, affairs such as the Rumasa affair cause alarm and depress the creative and imaginative incentives of men who are in business by vocation. Excessive caution never built a flourishing country although it is true that caution is necessary. In any case, the whole thing has just begun; a powder keg has been blown up and we must also determine the volume of victims. I am of course talking about the social victims.

5058

CS0: 3548/235

CONSTITUTIONALITY OF RUMASA EXPROPRIATION QUESTIONED

Madrid YA in Spanish 25 Feb 83 p 7

[Editorial: "Is the Expropriation Constitutional?"]

[Text] The singular nature of the expropriation of the Rumasa group presents some features that call for further specific juridical remarks. The expropriator was the State, through the Government, meeting in cabinet session, as the agency with authority to expropriate. And it did that, protected by the provisions of Article 33.3 of the Constitution which, without mentioning it by name, recognizes expropriation as a means for taking away private ownership of goods and rights if this is justified by causes of public utility or social interest--but "in conformity with the provisions of the laws." These laws were not promulgated after the Constitution which is why it was necessary to apply the earlier laws in force, that is to say, basically, the Law of 16 December 1954 and its Regulation of 1957. When a royal expropriation decree-law is issued, it is not necessary to apply the laws that came before the Constitution but rather the former standard which is provided for in the Constitution for "cases of extraordinary and urgent necessity" and cases which "cannot affect the rights and liberties of citizens," such as the right to private property which is recognized in Title 5 of that Constitution. That was not enough since the simple cabinet resolution which, for the exercise of the expropriating authority, required the provisions of the Law of 1954, since the latter was backed up by the royal decree-law regulating its implementation.

The cause that justifies this expropriation has been both public utility and the social interest, in other words, the two cases which are provided for alternatively in the Constitution and in the Law of 1954. Since this is an emergency expropriation, the statement of such justifying causes is considered implicit in the resolution that was adopted, just as in the case of the need for the occupation of real property and specific rights that are the targets of expropriation, which, in an ordinary case of expropriation, would have to be subjected to the legal procedures provided for prior to the passage of the resolution on expropriation.

The object of expropriation, more specifically, the banks and companies in the Rumasa Group, consists of the shares representing ownership of their capital which means that the expropriated persons are the stockholders who own those shares and they are, without further specification, listed as a function of the report of the companies and banks (212 and 18) included as an annex to the royal decree-law.

The occupation of the expropriation object, which, even under the emergency procedures spelled out in the Law of 1954 required two steps (minimum advance notification of 8 days and recording of act of occupation, plus establishment of a deposit prior to occupation and crediting of indemnity fixed for damages deriving from the rapidity of said occupation) in the case of Rumasa was carried out with absolute immediacy. "The State, through the Directorate-General of Patrimony, will take immediate possession of the expropriated companies and will assume full control over their shares by operation of the law," says the expropriation order. "This taking of possession will involve the assumption of all of the authorities of the company organs," replacing ~~them~~ with persons appointed by said Directorate-General, ~~for~~ this purpose, with automatic suspension of their management contracts, with all of the consequences. In other words, as of yesterday, none of the stockholders of the Rumasa Group are the owners of their shares since the State had taken their place as the only stockholder and manager of all of the Group's companies and banks.

Finally, in expropriating, the State not only takes over ownership of the shares and, through them, the assets and patrimony of the expropriated entities but also their liabilities and all of their debts and obligations. But, by absolute legal requirement, the takeover of the assets requires the corresponding indemnity to be fixed by common agreement regarding the appraisal which may be drafted through the Madrid Expropriation Jury (why centralize this evaluation in a provincial jury?). However, it must be stressed that the evaluation criterion provided for in the Law of 1954 has also been amended by the royal decree-law. As a matter of fact, the criterion for the evaluation of shares, in the law of 1954, is the arithmetic average resulting from the following evaluations: (1) The average quotation during the year prior to the opening date of the action; (2) Capitalization at the enterprise's legal average profit interest rate for the past 3 fiscal years; (3) The theoretical value of the securities that are the object of expropriation, understood here as the difference between the real assets and the demandable liabilities in the last approved balance sheet. In the royal decree-law, the procedure established is confined to "the value of the expropriated share" estimated "exclusively," in line with the result shown in the balance sheet of each company on the day of its publication (the day following the government resolution). But it is then specified that, for the formation of said balance sheet, there shall be "adjusted" the portions of the assets and liabilities with the usual commercial criteria; they shall be fixed at their real value and--furthermore--their prior accounting value "shall be adjusted," including, as the case may be, only if appropriate, the value of the goodwill, which shall be understood to include the assessment bonus (5 percent of the appraisal which shall be fixed, as provided for in the Law of 1954, for all cases of expropriation and, in this case, included in the value of the good will). To this it was added and further specified that "assuming that the result shown in the balance sheet reveals a negative value for the expropriated shares, it shall be understood that the appraisal shall be absorbed by the charges involved in the assumption of the company's liabilities." Does this mean that the shares in this case could be understood to be not indemnifiable?

Finally, the presumably high figure which the State will have to pay for expropriation, to be added to a budget deficit for this year amounting to around 1 billion pesetas, will be fixed by adding up the terms provided for

in the royal decree-law within the period of a year and a half, starting as of yesterday, regardless of the appeals that might be employed against the resolution of the Madrid Expropriation Jury to delay the implementation of the ruling.

Against a royal decree-law, there is no recourse other than the Constitutional Court when it comes to a matter of constitutionality.

5058

CSO: 3548/235

ANKARA, PRIVATE SECTOR TO RESIST EEC RESTRICTIONS

Istanbul DUNYA in Turkish 21 Feb 83 p 1

[Text] Ankara--A meeting will be held today under the chairmanship of Minister of State Sermet Refik Pasin to evaluate views regarding the problems of the textile manufacturers and exporters with the EEC before sector representatives begin contacts in Brussels on 8 February [as published].

The meeting, which will be attended by officials from the Department of EEC Affairs of the Foreign Ministry, the EEC departments of the ministries of Industry and Technology and Finance and the State Planning Organization as well as textile manufacturer and exporter representatives, will attempt to form a consensus on the stance to be taken in Brussels in connection with the 1983 quota restrictions envisioned by the EEC on Turkish textile products.

After Turkey agreed to quota restrictions on cotton yarn exports by an accord signed on 19 August 1982, trade relations with the EEC began to develop in Turkey's disfavor, and it became impossible for Turkey to use its privileges as an associate member in the community. Following this concession, the EEC included in the scope of its quota restrictions exports of T-shirts, shirts and blouses, sheets and sweaters and "other cotton and knit-cotton products."

At today's meeting representatives of the textile sector will be briefed on the latest developments and an official view will be formulated which will steer the talks with the EEC. However, in this connection, the Ministry of Industry and Technology and the State Planning Organization oppose the Foreign Ministry's view that "the textile manufacturers and exporters hold binding talks with the EEC on 1983 quotas as conditions permit." The said two organizations maintain that "textile talks with the EEC must be held within the framework of an official policy formulated at the government level." The State Planning Organization, meanwhile, does not expect this official policy to be formulated on the basis of "rejecting any talks with the EEC on the envisioned quota restrictions on textile product exports."

Evaluation by State Planning Organization

Meanwhile, the State Planning Organization is critical about the "policy changes" implemented since last year in connection with the problems of the textile sector with the EEC.

A detailed report prepared by the Department of EEC Relations of the State Planning Organization and submitted to the government evaluates Turkey's acceptance in 1982 of EEC quota restrictions on cotton yarn exports as follows:

"The most important aspect of the agreement signed with the EEC on cotton yarn is the fact that Turkey accepted the modal change that this agreement introduced into trade relations between Turkey and the EEC. Until this agreement was signed Turkey did not consider itself subject to the restrictive policy implemented by the EEC on textiles and ready-made clothing; in view of the association agreement with the EEC, Turkey did not agree to being considered as just another nation with a trade privileges agreement, but thought of itself as a future member of the community and hence did not want to endorse the restrictive policy implemented by the EEC with respect to other countries."

The report says that by signing the agreement on quota restrictions on cotton yarn Turkey "agreed to being retrograded to the state of a country which has an agreement of trade privileges with the EEC." The report proposes the following framework as a basis for the talks which will begin in Brussels on 28 January [as published]:

"With the 24 January 1980 economic stability measures Turkey has begun emphasizing export-oriented economic policies. The textile and clothing industry has the most significant share in Turkey's exports. The increases in the exports of this sector in the past 2 years have been accompanied by significant changes in the composition of these exports, and ready-made clothing, carpets and rugs and knit products have become as important export items as cotton yarn.

"Turkey, whose cotton yarn exports to the EEC had reached very high levels, has agreed to quota restrictions in this area. However, if Turkey agrees to voluntary restrictions in export items other than cotton yarn--in contravention of certain criteria and open clauses of the joint protocol--the [textile] sector in this country will be condemned to death before it is born."

9588

CSO: 3554/164

AUTHORIZATION BILL FOR FISCAL REGULATION TO BE EYED

Istanbul DUNYA in Turkish 14 Mar 83 p 1

[Text] Ankara--The Consultative Assembly is expected to discuss in one of its meetings this week the draft bill that envisions to authorize the Council of Ministers to issue decrees with the force of law in order to reorganize the financial system.

The bill, which was rejected by the Financial Affairs Commission of the Consultative Assembly on grounds that "it would violate the principle of separating the parliament's legislative powers from those of the executive branch" and that "it would cause uneasiness in the money, credit and capital markets", was put on the agenda of the Assembly last week. Meanwhile, Minister of Finance Adnan Baser Kafaoglu's wish to have the bill debated in a closed session of the Assembly had a bearing on the direction of the debates. Finance Ministry officials working on this issue stated that the wish for a closed session "stemmed from the sensitivity associated with the bill." The officials said: "If the Assembly agrees to debate the bill in closed session, then it will be possible to present to them detailed information about the direction of future arrangements."

While avoiding comment on the reasons for the rejection of the bill by the Financial Affairs Commission, Finance Ministry officials said: "The Finance Ministry understands the sensitivity shown in connection with the reorganization of financial markets. However, it may be necessary to provide more detailed information in view of the Assembly's sensitivity to measures that are mentioned only as headings in the bill. For that reason, we see merit in holding the debates in a closed session of the Assembly."

Developments

The authorization bill, which was approved by the Council of Ministers on 3 January 1983 and was submitted to the Chairmanship of the Consultative Assembly after being signed by Prime Minister Bulend Ulusu, was taken up by the Economic Affairs Commission on 5 January 1983 with the Financial Affairs Commission acting as an intermediary. This commission examined the bill for one day and approved it as proposed by the government.

The preamble of motive prepared by the government for the authorization bill stressed the crucial importance of insuring the smooth functioning of the financial markets and said:

"In Turkey, the primary source of financing for the economy is the banking system since the rate of accumulation of capital is inadequate to meet the requirements of economic policies aimed at rapid industrialization in addition to the fact that the capital market has only recently begun to develop. However, the banking system has not been able to adapt to the post-inflation stability programs as a result of the damage caused by the high inflation rates of the past few years to the structure of the market and capital formation as well as the constitution of resource costs. The weakening of the financial structure of the banking system as a direct result of inflation itself and the inability of the banks to meet the excessive credit demand caused by inflation resulted in the appearance of an intermediate market formed parallel to the system by a certain segment of the banks' resources."

The government's preamble of motive noted that these intermediate markets, mainly the brokerage system, was eliminated "in the known manner" and stressed the need for "regulating the financial system with all its submarkets" adding that the bill would secure this goal.

On these grounds, the government has asked for authorization for a series of legal and administrative operations aimed primarily at the banks. The government envisions the following measures:

--The Ministry of Finance will be able to effectively regulate the banks' upper administrative levels, their organizational structures and all their activities. The ministry will also be able to intervene to force the liquidation or merger of banks considered to be weak.

--The government will be able to take and implement any legal or administrative measures along the goals stated in connection with the institutions forming the capital market--mainly the brokerage organizations--and the security exchanges. In taking these measures, the government will be able to issue decrees in order to make the necessary changes in pertinent laws.

Reaction

The first official reaction to the authorization bill for organizing the financial system came from the Financial Affairs Commission of the Consultative Assembly. The commission discussed the bill at two meetings it held in the first week of February and announced on 8 February that it rejects the bill. The reasons given by the Financial Affairs Commission for its rejection of the bill can be summarized as follows:

--Giving such extensive powers to the government to regulate the financial system would violate the principle of separation of legislative and executive powers, a basic element of a normal parliamentary system.

--Since the laws to be affected by the authorization bill are very important arrangements, any amendments to them must be made through legislation and not through decrees having the force of law.

--The organizational measures envisioned may number more than one a year and therefore may cause uneasiness in the highly sensitive money, credit and capital markets.

--Major changes that are made in the money and capital markets before they attain a well-defined and stable status in accordance with the state of the economy will rely on incorrect indicators.

9588

CSO: 3554/200

KETENCI ON PROTECTING UNIONISM IN DEMOCRACY

Istanbul CUMHURIYET in Turkish 24 Feb 83 p 9

["From the Worker's World" column by Sukran Ketenci: "Unions and Democracy"]

[Text] The draft laws on unionization, collective labor agreements and strike rights--laws which will shape the future of our worker-employer relations--were submitted to the evaluation of the public and the concerned sides at a time when our paper was closed. Although the public has been very sensitive on worker-employer relations in the last few years, news about these draft laws were published in the inside pages of newspapers, among brief news items. In those days, voices from Turk-Is [Turkish Confederation of Labor] were also very weak and largely expressed pleasure at the fact that the draft laws were submitted to public evaluation.

Turk-Is leader Sevkett Yilmaz, who in the first few days leveled positive criticism and expressed the hope that healthy laws may emerge, has been sounding increasingly concerned in his more recent speeches. He says: "The regime problem cannot be resolved without resolving the labor problem." The press has also begun to report various aspects of the draft laws, their possible consequences as well as critical views against them on front pages and with large headlines. Can this reversal be explained as "one of the inconsistencies" of Turk-Is? Has the character of the bills played a role in this reversal?

We must first state that from a juridical and technical viewpoint not much criticism can be leveled against the bills prepared to change Laws No 274 and 275. The characteristic provisions of the articles included in the bills can be summarized as "taking the 17-year-old system of our country as a framework, and while looking for solutions to issues in this system considered to be problems restricting basic rights and freedoms in those areas." More explicitly, when one first reads the articles of the bills, one gets the impression that "this restriction has been imposed on this right because of this problem in implementation." When one looks at the issue only within the framework of the area where restrictions have been imposed, depending on the extent of the restriction on a right or freedom, one reacts by saying, "this right has been restricted but that problem was also important", or "that problem existed but did not need restrictions." But when one reads and understands more and more articles, one starts perceiving the overall proportions of the restrictions, just like a wound starts hurting after it cools down.

Anything can be found in these restrictions which begin by excluding "cultural" activities from the activity list of the unions. Restrictions on organizers of unions; membership in unions with notarized notifications to the employer; resignation from membership after a 3-month waiting period and only after enriching the notary public; requirements to work for 10 years in a union and for 3 years in union branches for eligibility to serve in union administrative positions; election to the same position a maximum of three times, that is for a maximum of 9 years; loss of indemnity from previous employer in case a person is convicted as a result of union activity; dismissal from union positions in case a person serves in a political party organ; restricting check-off benefits only to unions signing collective agreements; in addition to restrictions on membership fees, restrictions on other revenue sources; provisions eliminating the functionality of union membership; restrictions on the essence of union activity within the framework of restriction on political activity; reduction of unions to organizations which can only sign collective agreements and take part in legal commissions and which cannot even provide union education; provisions allowing for administrative and financial oversight by the government; bans on direct union links with international union organizations; extension of shutdown provisions to cases when a union can be shut down if one of its administrators is convicted of a crime; strike restrictions which cover a major portion of the industry; postponements which are virtual prohibitions; the transfer of jurisdiction over collective agreements to the Supreme Arbiters' Council; detailed restrictions on strikes which make strikes virtually impossible... If the new restrictions, some of which we mentioned only as headings, are combined with the old restrictions, can one say that the essence of unionization, collective agreement and strike rights--which are being rearranged--has been preserved?

9588

CSO: 3554/164

DEBATE OVER DELINEATION OF COLLECTIVE BARGAINING AGREEMENTS

Istanbul DUNYA in Turkish 14 Mar 83 p 8

[Text] Ankara--Minister of Labor Professor Turhan Esener said that the past practice of making collective labor agreements at two different levels--at the work place and work branch levels--at the same time resulted in serious drawbacks.

In an interview with the weekly YANKI, Esener said that the Collective Labor Agreement and Lockout Law of 1963 contains certain loopholes and that efforts are being made to remedy the shortcomings of the law. Stating that the practice of signing collective labor agreements at two different levels resulted in rivalry between work place and work branch unions, Esener said: "This situation resulted in invitations for second collective labor agreements after one was signed."

Esener noted that the institution of mediation contained in the 1963 law worked very well at the beginning and that, however, it became a stepping stone necessary for strikes after 1975. Esener expressed the following views concerning the new draft bill:

"The new bill introduces types of collective labor agreements. Once this issue is clarified, implementation differences among various work places will be eliminated paving the way for work branch collective agreements. The current system will make possible the signing of work branch collective agreements in the future."

Sevket Yilmaz

Turk-Is [Turkish Confederation of Labor] President Sevket Yilmaz expressed the following views concerning the new draft bills:

"The new draft bill is so far removed from the realities of the country that it may cause new problems in the future, let alone solving existing problems. The draft bill blames the workers as the culprits of the socioeconomic crisis our country is experiencing. Our workers are the victims of the crisis we are experiencing, not its cause."

Yilmaz said that the grounds given for restricting the right of strike are nothing but baseless allegations made by capitalist circles. He added: "The main problem stems from an inability to accept modern worker rights and democracy."

Noting that the draft bill makes the signing of collective agreements and the right of strike, which guarantees agreements, extremely difficult, Yilmaz said that everything has been done to insure that rights recognized on paper will not be used.

Referring to the mine accident in the Armutcuk region of Zonguldak, Yilmaz said: "The fact that workers who are allowed to die underground are deprived of their right to strike for their own interests by the new draft bills is a very sad case of black humor."

Rafet Ibrahimoglu

Rafet Ibrahimoglu, Secretary General of the Turkish Confederation of Employer Unions, said that the draft bill, in its general format, introduces basic rules for labor unions and that it does not view the issues from the perspective of employer unions.

Stating that restrictions imposed on the election of union leaders does not conform with the understanding of stability in union life, Ibrahimoglu said: "Stability and experience in unionism are elements sought in administrators."

Ibrahimoglu expressed the following views concerning the draft bill:

"While the bill contains certain correct arrangements in connection with calls for and authorization in collective labor talks, it introduces a completely unnecessary institution called mediation. I do not see any merit in the inclusion of mediation in this draft bill. If it is desired to establish genuine unionism similar to the West in Turkey, I do not agree with keeping the check-off system."

Stating that the absence of standards in collective bargaining is a major shortcoming of the draft bill, Yilmaz said that standards by which collective bargaining must abide must be included in the bill.

Professor Cahit Talas, former faculty member of the School of Political Sciences and a former minister of labor, said that the new arrangements create a new situation whereby the government plays a very active and effective role in worker-employer relations. Noting that this situation does not suit Turkey's conditions and that it has previously been tried in this country, Talas said: "These arrangements are introduced after it has been found out that those past experiments have produced negative results."

Professor Talas maintained that the restrictions brought by the new bills will not solve the problems and stressed the erroneousness of blaming only one side in disputes. Talas expressed the following views:

"In a democratic country unions are born, develop and do good in a free environment. This is in the nature of unions. Without these conditions an alienation with modern unionism may set in. And that does not conform with the nature of a democratic regime. The new arrangements go beyond prohibiting political activity by unions and envision additional restrictions. For example the regulation of unions by the government may cause some very disturbing results. There are also restrictions on the election of union administrators. Membership in international organizations will need the decision of the Council of Ministers. That is objectionable."

PROCEDURE TO ESTABLISH FREE ZONES OUTLINED

Istanbul TERCUMAN in Turkish 14 Mar 83 pp 1,14

[Report by Nursun Erel]

[Text] Ankara--In the coming few days the Economic Council will discuss the "Report on the Establishment of Free [Trade] Zones in Turkey" prepared by the Foreign Capital Department of the State Planning Organization [SPO].

The SPO report outlines the eight stages of the program to establish free zones as follows:

- "1. The Council of Ministers announces the location and perimeters of the free zones that have been decided upon.
- "2. The code of regulations governing the free zones goes into effect.
- "3. Detailed feasibility studies and implementation projects are prepared.
- "4. The necessary changes are made in Law No 6209.
- "5. An organization for free zones is set up.
- "6. Infrastructure investments are made.
- "7. Codes are prepared in connection with the activities of free zones.
- "8. Directive 9 of the Law for the Protection of the Value of Turkish Currency, which regulates the exchange system at the free zones, is reorganized."

Protection and Control of Zones

The code of regulations contains provisions for the protection and control of the free zones. According to these regulations, the zones will be surrounded by two sets of walls topped with barbed wire, while buildings and installations inside the zones will be protected in accordance with zone control regulations. There will be observation towers, electrical alarm systems and projector systems on land perimeters and lighted rows of buoys, observation towers and projector systems on sea perimeters. Entry and exit to the zones will be through special gates. Only officials, technicians, workers and merchandise inspectors will be able to enter the zones.

NON-PAYMENT OF DEPOSIT CERTIFICATES TO POSE PROBLEMS

Istanbul DUNYA in Turkish 14 Mar 83 p 1

[Report by Yener Kaya]

[Text] The inability of the Worker Credit Bank to pay back matured deposit certificates worth 635 million Turkish liras and the placement of three banks in the Clearing House are considered as indications of new difficulties in the banking sector.

According to information obtained from Worker Credit Bank officials, the bank is having cash flow difficulties in repaying certificates of deposit worth 635 million Turkish liras which were marketed by brokers and whose term came up for payment on 10 March 1983. The officials said that Executive Council Chairman Sekip Altay and Deputy Director General Nail Berkan went to Ankara to discuss the situation with Finance Ministry and Central Bank officials. The officials further said that the necessary "yes" was obtained at a meeting held with Minister of Finance Adnan Baser Kafaoglu in Istanbul to make use of Central Bank resources for a temporary period of time and that formalities are nearly complete to start payment today.

As is known, the Worker Credit Bank was bought by the Niskoz Group in 1982.

According to information obtained from banking circles, three banks were placed in the Clearing House last week. This means that these banks' checks will no longer be honored by other banks. Banking sector officials said that this development can be considered as a sign of the start of a new difficult period in the banking sector and that it may lead to new difficulties for the banks which are already working with very tight funds.

The payment difficulties of the Worker Credit Bank, coming on the footsteps of the placement of three banks in the Clearing House, and the fact that the bank's initial request for assistance was not immediately approved are interpreted by banking sector officials as a possible change in the stance of the Central Bank. Higher-level bank administrators stated that they were already expecting bottlenecks in the assistance provided by the Central Bank to banks having payment problems. Meanwhile, the fact that, as of the end of 1982, 70 percent of all deposits were held by four large banks is said to be an indication that must be carefully observed by the other banks.

It is also reported that banks having difficulty in attracting savings deposits are having bottlenecks in their credit procedures. However, even if such banks are inclined to liquidate themselves, according to Article 60 of the Banking Law, savings deposits must be paid from a fund accumulated at the Central Bank. As is known, this article requires that banks that are liquidated must pay their savings deposits to their creditors within 3 years and without interest.

9588

CSO: 3548/201

BLANCA ON NICARAGUAN LIBERTY, U.S. POLICY IN EL SALVADOR

France to Aid Nicaragua

Paris L'HUMANITE in French 19 Feb 83 p 8

[Text] "I believe indeed that there are Somozist camps (from the name of the former dictator of Nicaragua, editor's note) and anti-Sandinists on the border," stated Antoine Blanca in Tegucigalpa, Honduras, where he stayed Wednesday and Thursday, after a 4-day visit to Nicaragua. The Nicaraguan authorities estimate at 4,000 the number of former Somozist guards present in Honduras, from where they are preparing their commando actions against the Sandinist revolution.

The roving French ambassador, to Latin America, believes that there is freedom in Nicaragua; he thus disputes the validity of the accusations of violations of human rights spread by the United States and relayed in Europe, in France particularly. "The Sandinist revolution is following an original path," based on ideological pluralism, a mixed economy and non-alignment, Blanca said, before adding: "We are helping this revolution so that it may preserve its objectives."

Finally, with regard to French arms sales to Managua, Blanca specified that these arms are earmarked "for the defense of Nicaraguan territory" and that "neither the quantity nor the type of these arms are the sort to threaten any of the neighboring countries."

U.S. Policy Should Change

Paris L'HUMANITE in French 17 Feb 83 p 9

[Excerpt] The United States "must reconsider their policy toward Central America," stated Antoine Blanca concerning these machinations. He invited the Latin American governments to search for swift solutions to the crisis in the region. During the press conference Blanca held in the Nicaraguan capitol, the French diplomat added that Washington "must take into account desires for peace, justice, development and a better life, which are the fundamental desires of all peoples."

The French government, Blanca specified, considers a peaceful solution to the Salvadoran conflict "truly urgent." "Not only the conditions for a

negotiation, but also the will to undertake it, exist in the Farabundo Marti Front as well as in certain circles of the army," remarked the French envoy.

According to Blanca, the offers for a dialogue put forward in October 1982 the rebels must "be taken very seriously because (...) the guerrillas are not weak and they are taking more of the initiative militarily."

Antoine Blanca repeated that the French government was supporting all the "concrete offers" for suppressing tensions in Central America and that the Franco-Mexican initiative, taken in this sense in 1981, was "not only still in force, but even more than ever of current interest."

After having visited Colombia, Panama, Costa Rica and Nicaragua, the roving French ambassador proceeded, yesterday, to Honduras, from where he will go to Guatemala and then Mexico. He is not going through El Salvador because, specified Blanca, "just now we do not see any interlocutor," among the authorities in power in this country.

Solution Includes Farabundo Marti

Paris L'HUMANITE in French 12 Feb 83 p 7

[Article by Jean George: "France Supports A Negotiated Solution. No Way Out Without the Participation of the Rebels States Antoine Blanca Traveling Ambassador in Latin America."]

[Excerpt] On a visit to Costa Rica, Antoine Blanca, the roving French ambassador to Latin America, insisted Thursday on the importance of a political solution to be negotiated in El Salvador, not excluding the rebels of the Farabundo Marti National Liberation Front. That same day, about 300 Front members had a public meeting in a settlement in western El Salvador. Their military actions go hand in hand with their offers for a dialogue to the government in power.

Antoine Blanca, in his statements to the press, reasserted the adherence of the French government to the Franco-Mexican declaration of 1981 on El Salvador. He stressed that "the Farabundo Marti Front has its part in this negotiated solution, because it represents a segment of the people without whom there is no solution."

In 1981, recalled the roving ambassador, France and Mexico had been criticized for having "aspired to integrate phantom guerrillas into the discussions." "But, he added, these phantoms are alive and it is necessary to reckon with them."

Quite alive, as a matter of fact. Thursday morning, without firing a single shot, 300 combatants from the Farabundo Marti Front entered Sociedad, a settlement in western El Salvador that the government troops had abandoned several days earlier, after having lost seven men during an attack by the rebels.

The members of the Front held a public meeting with the civilian population, and then it withdrew, thus proving that when the army of the dictatorship has disappeared, everything is quiet.

It was observed that among the weapons of the rebel combatants were a 120 millimeter cannon and several mortars. Since 8 January, announced "Radio Venceremos", the official station of the FMLN, 238 government soldiers were killed, 148 wounded and 264 taken prisoner. Among other material, 16 pieces of artillery, several hundred guns, 100,000 cartridges, boots and uniforms have been seized from the enemy.

In front of the press, Antoine Blanca again spoke of this encounter with Guillermo Ungo, president of the Democratic Revolutionary Front, the policymaking body of the insurrection, with whom Blanca had a talk at the time of his trip to Panama. The French ambassador was satisfied with the fact that the Salvadoran leader had renewed the offer of a dialogue with the government, launched several months ago by the rebels. This offer, let us take note, has met with tremendous support among the population and even among certain military and leadership circles.

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CSO: 3519/365

MALAISE AFFECTING SOCIETY, MILITARY ANALYZED

Paris LE MONDE in French 24 Mar 83 p 4

[Article by Marc Marceau]

[Excerpts] Athens--The assassination of the daily I VRADYNI publisher Athanasiadis clouded the Greek orthodox celebration of the last Sunday of Carnival and of Purification Monday. Only the arrest of the assassin could clear up the malaise over the nature of the crime. However, Greeks know that the assassins of U.S. Embassy counselor Richard Welsh in December 1975, the murderers of policy commissioners E. Malios in December 1976, P. Babalis in January 1980 and P. Petro in January 1981, as well as those responsible for the bombings that destroyed several Athenian department stores and for the criminal forest fires have never been found.

The malaise is fed by the manifesto sent to the press by an antimilitarist organization claiming responsibility for the murder and is connected to certain problems that are preoccupying military leaders: unrest in the barracks, a wave of suicides among young recruits, acts of insubordination, etc.

The Greek armed forces are professionally equal to any in the Western countries. On a political level, the officer corps (land army, 9,000; navy, 2,700; air force, 3,800) sometimes causes problems. The aftereffects of 7 years of dictatorship have not been totally eliminated yet and officers are not immune to the contradictions and antagonisms affecting Greek society itself.

Most of them do not come from the privileged classes. Feeling that they belong to the live forces of the nation, officers refuse to play the role of "night watchman" or be considered merely pretorians. They are caught up in the rapidity of developments and adaptation to the new realities. But the approach to problems sometimes gives rise to misunderstandings.

This is the case, for instance, with the government's policy of democratization of the armed forces. Papandreou has reconciled the people with their army, but the implementation of the reforms disturbs a number of officers. The dogmatism and haste of those who want "everything here and now" complicates the situation. The ensuing reverberations are more the result of a questionable methodology than of basic divergences. The reforms that are being or will be implemented stress the rifts even more. There are nuclei of officers belonging more or less to the extreme right who sometimes clash with each other, but meet on

common ground: a certain form of anti-capitalism allies itself to a visceral feeling of anti-communism and a chronic mistrust of politicians. They do not forgive the liberal bourgeois right the severe cuts made in the armed forces following the reestablishment of democracy in 1974. They denounce the pardon that was only offered the extreme left, which did not extend to the colonels "detained in the Korydallos prison."

Another less important group is formed by traditionalist officers faithful to constitutional monarchy, but loyalists nevertheless. This group is practically insignificant in relation to those officers who consider themselves purely professional and do not participate in politics.

This leaves only that tendency going back to the beginning of the century that has always inspired resolutely republican officers. There are numerous officers open to leftist options in the air force. Greeks attribute all the more importance to their armed forces since they know, through past experience, that in this country political struggles never take place without the military holding the key to their most critical moments.

CSO: 3519/392

BILL FOR PUBLIC FINANCING OF POLITICAL PARTIES IMMINENT

Athens AKROPOLIS in Greek 1 Mar 83 p 8

/Article by T. Kondogiannidis: 'Which Parties Will be Financed as of 1984'7

/Text7 The bill to finance the parties is ready and will be introduced soon by Minister of Interior Gennimatas, according to reliable reports. According to these reports, the bill provides, first of all, for the financing of the parties which are currently represented in the Chamber of Deputies, but will also provide for the financial support of other small parties with smaller amounts from the state budget.

Only three parties will be initially financed, namely, PASOK, New Democracy, and KKE, which are also recognized as parties by the rules of the Chamber of Deputies.

The financing of these parties will be based on the percentage of votes they received in the 1981 parliamentary election. With regard to the other smaller parties which participated independently or in cooperation with others in the 1981 election--such as KKE Int., Democratic Center Union /EDIK7, Liberals, Party of Democratic Socialism /KODISO7, Party of the Progressive National Communist Party of Greece /EKKE7 and United Democratic Left /EDA7 will be financed under two conditions: They must have elected at least two deputies and second, they must have received more than two percent of the vote nationwide.

Parties Entitled to Financing

Represented in the present Chamber of Deputies in addition to the three major parties--but not recognized by the rules of the chamber--are KODISO with G. Plytas and EDA with Glezos. These two parties have a unique feature: KODISO is represented in the chamber by a deputy (Plytas) who was not elected under its banner but who joined it later. EDA is

represented by Glezos who cooperated in the 1981 election with PASOK. Therefore--according to reports--the bill cannot provide for the financing of these parties as it does for the three major parties (PASOK, ND and KKE). However, they will be financed under the provision which applies to the other parties which are not represented in the chamber, but which are active out of Parliament, have an organization, are registered with Areios Pagos (Cessation Court) and function legally and regularly.

The bill defines what a party is and that the financing is done in the context of the democratic system in order to promote its smooth functioning, not to squander the money for pre-election propaganda, etc.

The reports state that no financing is provided for 1983 because such an item is not included in the budget. Very likely the financing will start in 1984. The level of financing for each party will depend basically on its strength (percentage-wise, not in the number of deputies). It will follow a joint decision by the ministers of interior and finance and will also provide for the timing of payments.

The bill makes no provision for independent deputies if they do not belong to a specific party with a charter and a title registered with Areios Pagos. It must be noted that according to a previous statement by Minister of Interior Gennimatas, the ministry has two other bills "ready" for introduction. One refers to the vote by emigrants and the other to the electoral system (electoral law) for the next election (simply proportional according to the promises of the government).

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CS0: 3521/229

PAPANDREOU TRUST IN ARMED FORCES, SECURITY CORPS QUESTIONED

Athens AKROPOLIS in Greek 1 Mar 83 pp 1, 7

/Editorial: "Dangerous Games"

/Text/ Strange, incomprehensible, unprecedented and above all dangerous, are the events that happened in the early morning hours Sunday with the sudden exercises of the Security Corps first and of the Army later, and of the "popular" mobilizations in the Attiki region and in the rest of the country.

We must say at the outset that such exercises are periodically necessary to verify the readiness of the mechanisms that will deal with dangers threatening the country or the democracy. From this point, however, to the extremes of the situation as it developed, the distance is not only great but also unbridgeable for the following reasons:

The government avoided providing any convincing explanation to justify the popular mobilizations by PASOK and KKE if this exercise was merely a usual activity designed to check, from time to time, the effectiveness of an alert.

On the other hand, if the alert was ordered because the government had information or thought that something could happen, it should tell us clearly so that we, too, would know what is going on.

In either case, the issue of the partisan mobilizations remains open. Such mobilizations would be legitimate if the democratic system was threatened. But on Sunday, only PASOK and KKE mobilized; therefore, the popular mobilization was both limited and narrowly partisan. It was not general or spontaneous.

These observations lead to the following questions: Who has the authority to order popular mobilizations? The government, the parties or whoever

wishes?

If the government promoted and inspired the popular mobilizations on Sunday, why? Was it afraid that the forces of the Security Corps and the Army were not adequate to deal with every danger and therefore it sought the contribution of "partisan" mechanisms? But then an even more serious issue emerges. Does not Premier Papandreou trust the Armed Forces and the Security Corps?

Moreover: Can any party order at will the mobilization of its followers because it feels that it must intervene to avert certain dangers? In other words, can Florakis mobilize the KKE followers because in his view some measure, action or decision of the government exposes to some danger the security of the country or the republic? If this were generally accepted, then the other parties would be entitled to order anti-mobilizations with all the unpredictable consequences of a confrontation among the popular masses. All these are strange, incomprehensible, unprecedented and above all dangerous for two more reasons:

First, what was the objective of this display of power by the PASOK and KKE followers; in other words, why this "general rehearsal" of "popular resistance" which reminded us of the notorious statement by Papandreou in 1964 that he would form a government in Constitution Square regardless of the election results which were prevented by the dictatorship, with all the known consequences for the country?

Second, is it possible that the government used this pretext of a danger to democracy to try to unite the people and to force them to forget their problems and the government's incompetence in dealing with them? Did the government want to disorient the people?

Regardless of the government's motives, the result was to upset the people throughout the country and to let the rumors fly that something serious happened or was averted.

Another observation: The government did not consider it necessary to inform the leader of the opposition even ex post facto about the popular mobilizations and this forced Averof himself to seek explanations from the premier.

We fear that all these lead naturally to the conclusion that the continuing stay of the government in power is dangerous. For this reason we must be vigilant.

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CSO: 3521/229

RETURNING SOVIETOLOGISTS ANALYZE USSR

Athens ETHNOS in Greek 28 Feb 83 p 8

/Excerpt/ The...Sovietologists are coming back--or more accurately they are already here! These are...Sovietologist professors--such as Babanasis (professor of economics at the University of Budapest) and Fiakiolas (also professor of economics at the University of Moscow) who were invited to come to our country and now talk about the Soviets!

What is the essence of their Sovietology? First of all and chiefly it consists of an analysis of certain aspects of the Soviet economy (technology, productivity, management, marketing, etc.) and secondly in an analysis of the economic relations among the COMECON and the countries of Western Europe--with special emphasis on the Soviet economic relations with Austria and Finland.

We teased Deputy Minister of National Economy Pottakis: "What is the difference between the old Sovietologists and the new ones?"

Pottakis wittily responded: "The old Sovietologists analyzed the aspects of Soviet life in order to close the door to the Soviets. The current Sovietologists analyze the aspects of Soviet economy to open the doors toward it."

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CSO: 3521/229

PASOK BEATEN IN DIPLOMATIC UNION ELECTIONS

Athens AKROPOLIS in Greek 1 Mar 83 p 8

/Text/ Ambassador Zeppos, PASOK's choice in yesterday's elections for a new administrator of the Diplomatic Employees Union /EDY/ was soundly beaten. He received only 63 votes out of a total of 280.

Those elected and the number of votes they received are as follows:

I. Gounaris, embassy counsellor, Class A, 148 votes; A. Exintaris, embassy counsellor, Class A, 117 votes; A. Khrysanthopoulos, embassy first secretary, Class A, 117 votes; Kh. Korakas, ambassador, 112 votes; Gr. Paraskevopoulos, embassy secretary, Class C, 108 votes; and A. Vasilakis, embassy secretary, Class A, 105 votes.

The above were elected to the board of directors, with S. Malikourtis, embassy counsellor, Class A, 91 votes, and Khr. Vasilopoulou, embassy secretary, Class B, 90 votes, as alternates.

For the diplomatic personnel abroad, Ambassadors P. Evangelidis and S. Stoforopoulos were elected with 160 and 18 votes, respectively.

The new EDY administrative council will meet in 8 days to elect its officers. It is anticipated that Korakas (who serves as director of the diplomatic office of /Deputy Foreign Affairs Minister/ Kapsis) will be elected president because of his grade /ambassador/ and character.

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CS0: 3521/229

COMMENTATOR CRITICIZES IKV ON PEACE DEMONSTRATIONS

Rotterdam NRC HANDELSBLAD in Dutch 9 Mar 83 p 7

[Article by H. van Galen Last: "Peace and Disarmament"]

[Text] Who among us would not agree with the IKV? The insanity of an arms race, the fortunes squandered on the potential for global destruction in a world of want--it is good that people are losing patience with these things and pressing irresponsible or unthinking governments to do what intelligent individuals would have done long ago.

And the IKV's anti-Americanism? But who wouldn't become angry whenever Luns talks to us the way he does? Or upset by an American president who would probably get the Netherlands and Portugal mixed up with each other as easily as he did Brazil and Bolivia? Even without sympathizing with Moscow, we now of course realize that America is protecting the "free world" along with some of the most backward dictatorships on earth--dictatorships in comparison to which the Hungarian government is a model of justice and moderation.

And the renowned "deterrent" that by guaranteeing peace in Europe since 1945 has likewise guaranteed West European democracies? No doubt about it: we owe these blessings to the atomic bomb. But one does not need much imagination to realize that the nuclear weapons race cannot be continued indefinitely. He who wishes to preserve peace must arm, said the Romans. But if Rome and Carthage both see things this way, it is hard to believe that the decisive battle will not eventually take place.

It was due above all to American superiority and the American atomic bomb that "deterrence" has worked until now. America obviously no longer enjoys the preeminent positions--military, political, economic and financial--she occupied in 1950. We do not wish to get bogged down in tedious discussions on who has the nuclear advantage, but isn't the disagreement of the experts the clearest proof that neither nuclear power is truly superior to the other? Public opinion is well aware of this situation. Fear of nuclear war and global annihilation is greater now than in the 1950's and 1960's when the Cuban crisis demonstrated American superiority to the entire world. And the IKV has articulated this justified fear.

Therefore? No, of course not. The slogans chosen by the IKV for the big peace demonstrations at The Hague this October reveal a continued lack of understanding that the nuclear threat is too serious to be resisted solely with good intentions. It seems that they intend to marshal good intentions again, just as in November, 1981. That can promote the mass popularity of the protest, but surely the long-term disadvantages are evident: illusions are perpetuated and subtleties are glossed over. By calling the event scheduled for 29 October a "peace demonstration," the IKV is suggesting its pacifist character. But how much better we know now than in November 1981 that an antinuclear demonstration is not necessarily a pacifist demonstration: Many of those who participated in Amsterdam have now revealed they believe that a just war is possible after all. Their actions in support of the liberation movement in South Africa prove this. And 90 percent of the English who demonstrated against nuclear arms in London in 1981 stayed at home when they could have demonstrated against the real war in the Falklands a few months later.

Things have become clearer since 1981. The IKV acted on the premise that Dutch movements for nuclear disarmament in West Europe would be irresistible to the peoples of East Europe and Russia. There as well as here, the leaders would have to deal with the strong demand for a Europe free of nuclear weapons.

The idea seemed attractive precisely because it was daring. But now it has lost its credibility. The Kremlin leaders, meanwhile, have dispelled any hope that they might negotiate with a popular movement.

The Russian dissidents have found this out and also the Czechoslovakian Charter '77, a movement that avoided provocation and merely appealed to already existing laws and the Helsinki Accords. The response to them has been a systematic attempt to destroy a historical European culture, writes Milan Kundera, not someone carelessly to express such serious accusations. Others describe it as cultural genocide--see M. Hybler and J. Nemec in Gordon Skilling's "Charter '77 and Human Rights in Czechoslovakia," published by Allen and Unwin, London 1981.

It is true that Charter '77 and the group of human-rights defenders around Sakharov have remained isolated movements in their countries. What did not succeed there did succeed in Poland for the KOR. This movement led to the establishment of Solidarity.

It is of our most recent history that we most need reminding. And in the second 1983 issue of ESPRIT--still available and very much worth reading--Paul Thibault reminds us of a few simple facts. It is undeniable that Solidarity was able to rally the majority of Poles to its cause. Or that Lech Walesa and his followers have tried continuously to open a dialogue with the rulers. It is, after all, the conviction that they could negotiate with the rulers, that would eventually lead to the ban or "delegalization" of Solidarity. The indignation over the "extremists"--and what popular movement does not have its share?--must not let it be forgotten that

Solidarity was most noted for being reasonable and moderate. It was this moderation, claims Thibault, that was always exploited by the authorities to wrest from the movement what gains they had recently made.

This manipulation of the popular will was possible because the Polish army proved to be a state within a state and was immune to the influence of the remaining population. And the "inner power" of the Polish soldiers rested on the Red Army from Moscow. This is the institution that guarantees the stability of the East Block. And would this institution deprive itself of its nuclear arsenal: its pride and the source of its power? The proposed slogans for the "peace demonstration" suggest that the IKV prefers a utopia to an analysis of events since November 1981.

9992

CSO: 3614/76

PORTUGAL

PCTP/MRPP PUBLISHES OWN ELECTORAL MANIFESTO

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Mar 83 p 3

[Excerpts] At a press conference in Lisbon yesterday the candidates of the Communist Party of the Portuguese Workers (PCTP/MRPP) disclosed that the party is running in the coming elections in all electoral districts and they addressed a proclamation to the Portuguese people in which they express to all workers "their firm support in the difficult struggles they have conducted against capitalist exploitation and oppression."

In a proclamation made by Garcia Pereira it was stressed that 9 years after the 25 April 1974 military coup "living conditions in our country have gone from bad to worse." According to data provided by the PCTP/MRPP in the same proclamation "the cost of basic necessities has risen by more than 500 percent and real salaries have dropped to lower levels than in 1973."

According to the PCTP/MRPP, "the people's main problems have not been solved and on the contrary, have become more dramatic and worrisome."

The candidates also stressed that "our country is being sold to foreign imperialists and the public debt has long ago gone beyond one-thousand million contos, the largest part of which will have to be paid at the end of 1983."

In reference to the PSD [Social Democratic Party], the PS [Socialist Party], the CDS [Center Social Democratic Party] and the PCP [Communist Party], which they term "the parliamentary bourgeois parties," the PCTP/MRPP candidates state that the Portuguese people "already know that they have nothing to offer them except increased exploitation and repression," adding that it is precisely because of this that "another road must be taken--to substitute the bourgeois government with a popular democratic government and the capitalist system by the system of socialism."

Proclaiming itself the party that "has never betrayed or lied and has never been in power," the PCTP/MRPP expressed its firm determination to "denounce without hesitation all crimes and maneuvers against the people and to fight uncompromisingly for the emancipation of the working class and of all working people."

CSO: 3542/97

UDP-PSR CANDIDATE MARIO TOME ON ELECTIONS, OTHER ISSUES

No Troops to Lebanon

Angola DIARIO DE NOTICIAS in Portuguese 7 Mar 83 p 3

[Interview with Mario Tome by Oscar Mascarenhas; date and place not specified]

[Excerpts] The electoral convergence of UDP [Popular Democratic Union] and PSR [Revolutionary Socialist Party], seeking expansion in the electoral representation, is not at all surprising to Mario Tome, the only deputy of the former of those forces. In an interview granted to DN, he revealed that he is not unaware of the ideological differences between the two groups, but does not consider them obstacles to a minimal platform against the presence of the AD [Democratic Alliance] parties in the government and in defense of a prospective "radical struggle" which does not include social pacts such as the one concluded in Setenave. The sending of Portuguese troops to other parts of the globe is also challenged by the newly created electoral front, which assumes that it can put "more revolutionaries in Parliament."

DN: How could a platform of agreement be found between a force regarded as Stalinist, namely, UDP, and another one that is Trotskyite and markedly anti-Stalinist, PSR?

Mario Tome: UDP is not a Stalinist organization; it is a revolutionary organization of masses which has among its members those who want to struggle for the popular revolution, against the right and against the system's repression. Hence, there is room in UDP for many persons, although there are among its members Marxist-Leninist Stalinist militants, as in the case of members of the Reconstructed Communist Party.

DN: Then are there not matters of principle that would make UDP and PSR incompatible?

MT: There are no matters of principle where UDP is concerned, that would preclude the pooling of efforts with anyone who proves willing to meet a concrete need: namely, to provide a solution for the workers' demand, in terms of a unified struggle, with the common goal of fighting against the presence of right wing parties in the government, and battling in the factories and fields against the capitalist exploitation and repression.

DN: Has this electoral coalition now found an area favorable for its development?

MT: Generally speaking, the situation is not favorable for the revolutionary, popular forces. We have a right wing government which, although a caretaker one, is fostering attempts at reforming the right wing forces, and this always makes the situation more difficult for the revolutionary forces and for the working people as a whole. Unlike other forces, we are not foolish enough to believe that the worse things are, the better they are.

DN: So let us return to the question: What chances does your coalition have?

MT: The very fact that the coalition was established created a new factor, which makes it possible to maintain a parliamentary representation of revolutionaries, and even to reinforce it. In mathematical terms, if we make an accounting of the last legislative elections, we find that, if the AD coalition (which will no longer be present) had not existed, UDP-PSR could have elected two deputies representing Lisbon, and one representing Porto.

DN: Your electoral front has challenged the pact at Setenave. Why?

MT: So that you will understand what is really happening, I shall recall a significant assertion made in AVANTE!, expressing the view that the crisis could be solved with the workers, and that PCP [Portuguese Communist Party] is the party with the greatest influence among the workers, and hence essential for solving the crisis. The attempts are obvious: PCP wants to assert itself as the workers' spokesman, and the Setenave pact is clearcut proof of PCP's policy of imposing obligations, hege-
monized by the CGTP [General Federation of Portuguese Workers] Secretariat. Hence, the crisis is not solved with the workers, but rather at the expense of the workers.

DN: UDP-PSR has also expressed opposition to the sending of troops to Lebanon....

MT: Either to Lebanon, to Angola or to Namibia, as Gen Ramalho Eanes intends. We do not think that such sending of troops is a help to those people, but only a maneuver of the imperialists, who are always talking about peace, as in the case of Israel. We think that the situation in Lebanon has only one solution, namely, the immediate withdrawal of all foreign troops from that sovereign state. Moreover, our position is in keeping with the deepseated sentiments of our people, who have already experienced the severity of a colonial war.

PCP Policies Condemned

Lisbon DIARIO DE LISBOA in Portuguese 7 Mar 83 p 24

[Text] In a speech yesterday at a rally in Azambuja, where he spent the day visiting the low-income districts, the UDP deputy, heading the UDP-PSR Electoral Front ticket representing Lisbon, declared: "Since the right, the enemy of the workers, is still in command of our country, and controls the entire state apparatus, making a doormat of the people and forcing them into unemployment and poverty, the fact that PCP claims that the right has already been defeated is nothing but an electoralist maneuver, trafficking with the workers' interests and demobilizing them from the difficult struggle confronting them." He said: "PCP is only attempting to wangle votes, so as to beg for a place in the government with PS [Socialist Party] and the right wing parties, to which PS is extending its hand for the purpose of aiding the

capitalists in extricating themselves from the crisis." In conclusion, Mario Tome reaffirmed the fact that only the UDP-PSR Electoral Front is demanding, without ambiguity, that no right wing party or sector be sent to the government.

'Permanent Army Aide' Orders

Lisbon DIARIO DE LISBOA in Portuguese 5 Mar 83 p 24

[Text] Yesterday, Maj Mario Tome was informed, through a note originating from the Officers Department, that he had been transferred to the status of "permanent aide" as he himself disclosed. According to Mario Tome, this decision was made because his promotion had been bypassed for 3 consecutive years, a bypass which, moreover, the individual concerned had challenged before the Supreme Military Court in 1981 and 1982.

With this status as "permanent aide," Mario Tome's career is blocked, something which runs counter to the statutes of the Army and the deputies. The former of these states that the lack of professional information cannot serve as justification for impeding promotion (the latest information entered in Mario Tome's file dates back to April 1975); while the deputies' statute declares that those occupying seats in Parliament may not have their profession prejudiced by the exercise of their duties as deputies.

Mario Tome interprets the transfer to "permanent aide" as "a political persecution and punishment for having assumed constitutional democratic rights."

2909

CSO: 3542/85

SPAIN ADOPTS MODERATE STAND AT MANAGUA MEETING

Madrid EL PAIS in Spanish 15 Jan 83 pp 1, 2

[Article by Antonio Cano]

[Text] The socialist Spanish Government has refused to submit its own initiative for resolving the Central American crisis, complying with the wishes of four moderate Latin American countries (Mexico, Panama, Colombia and Venezuela) and with the aim of not complicating the ongoing current comprehensive negotiations between the administrations of Felipe Gonzalez and Ronald Reagan. One of the basic topics in the discussions is the new Friendship and Cooperation Treaty between Madrid and Washington.

Representatives of these four nations to the Conference of Nonaligned Countries, which ended last night in Managua with implicit recognition of Salvadoran guerrilla forces as a valid participant, yesterday held a closed-door meeting with Jose Maria Benegas, who attended this conference as a representative of the PSOE [Spanish Socialist Worker Party]. His presence and that of a modest official Spanish delegation, attending only as invited guests, were rather poorly received by the U.S. Department of State, according to our special correspondent in Nicaragua, Jesus Ceberio.

Spanish moderation and discretion do not exclude open support for any initiative arising from the region in conflict itself. Together with France, Mexico, Panama, Colombia and Venezuela, Spain shares the view that the only way to prevent the East-West conflict from dominating the search for a peaceful solution to the Central American crisis is to assure that the countries involved take the initiative themselves.

Circles close to the Spanish socialists do not rule out the possibility that armed intervention from Honduras may ultimately be taken against Nicaragua, supported directly or indirectly by U.S. secret services. Apparently this was one of the main topics in the long talk that the Spanish minister of culture, Javier Solana, recently had with Fidel Castro in Havana.

One of the principal disputes among the nonaligned nations specifically concerned a paragraph of the final resolution, in which the aim was to condemn the attacks against Nicaragua from Honduras.

Spain has refused to submit a specific initiative for resolving the Central American crisis, following the advice of Latin American countries with moderate democratic governments and in order to facilitate the development of talks with the United States, with which bilateral relations are being negotiated extensively at the present time.

Since they took charge of the government, the Spanish socialists have chosen to be exceptionally cautious in expressing their views on the development of the Central American crisis and have attributed basic importance to last weekend's meeting on the Panamanian island of Contadora among the foreign affairs ministers of Panama, Mexico, Colombia and Venezuela, all of which have good relations with the United States (particularly the Caracas government, whose presence lent greater significance to the meeting).

It was decided on Contadora that it is highly undesirable for Central American disputes to be negotiated as part of the conflict between the East and West and in order to prevent this, the foreign affairs ministers decided that the region's crisis must be resolved exclusively by the countries involved.

Support of Dialogue

According to sources close to the socialist administration, the Spanish Government interpreted this statement as confirmation that it should abstain from submitting any kind of initiative and limiting itself to supporting the proposals of dialogue by the governments involved. However, Spanish authorities have serious doubts that the wishes of Panama, Mexico, Colombia and Venezuela will be respected in the very year in which the United States and the Soviet Union are preparing to negotiate a new concept of disarmament, which will undoubtedly include each one's spheres of influence.

On the other hand, Spain, which considers the Central American situation disturbing, is not sure, especially after the meeting in Havana between the Spanish minister of culture, Javier Solana, and Cuban President Fidel Castro, that Ronald Reagan's administration has ruled out military intervention in Nicaragua.

Madrid's available information concerning the U.S. presence in Honduras--whose border dispute with the Sandinist government is growing worse every day--does not make it possible to predict a future of dialogue, as endorsed by the socialist government.

In any case, the countries that participated in the Contadora meeting prefer to maintain the appearance that the present crisis in El Salvador and between Nicaragua and Honduras is a Latin American problem to be resolved by Latin Americans. Apparently, what the government of Felipe Gonzalez can be sure of is that should the support of a Western European government be necessary at some time, not only will French help be requested, but Spain will also be asked to participate.

Thus far the socialist government of Paris has participated, if not actively, decisively in the Central American conflict. It is enough to recall the joint

French-Mexican initiative on El Salvador, which included a new element in that country's civil war with the recognition of guerrilla forces as a political party in reaching a negotiated settlement. It is also certain that France has reversed its position and that a representative of its government has given assurance that the French socialists would not make a proposal of that nature again today.

The Spanish Government is also afraid that any significant action on its part in Central America would complicate the bilateral negotiations with Ronald Reagan's administration. These negotiations are in full swing.

The same argument has made it advisable for Spanish participation in the Coordination Bureau of the Nonaligned Countries Movement, whose summit ended yesterday in Managua, should be reduced to the lowest possible level. Spanish authorities have not forgotten that Spain's previous presence at a meeting of the nonaligned nations, specifically the 1979 Havana summit, caused undeniable uneasiness in the United States.

Spain therefore prefers to handle the entire Central American conflict with enormous caution. This explains the moderation of all public statements on Nicaragua and Central America by Benegas, the PSOE representative at the Managua meeting. It also explains the silence with which any request for a position on the Central American conflict has been greeted by the PSOE's Office of International Affairs. Not even the Office of Diplomatic Information of the Ministry of Foreign Affairs is presently able to precisely define a plan of Spanish foreign policy for Latin America.

Carter-Suarez

The views of Spain and the United States on the policy to be followed in Latin America were in agreement when Carter and Suarez presided over the governments of Washington and Madrid. But these good relations cooled when Ronald Reagan arrived in the White House and were on the verge of entering a new stage when Felipe Gonzalez became prime minister.

According to some diplomatic sources, however, there are some general guidelines as to what the Spanish presence in Latin America will be. Basically, in keeping with what Prime Minister Gonzalez said during his election campaign, Spain seeks to develop cultural and technical cooperation, to encourage liberalization of the processes of democratization and respect for human rights--which does not mean that it is going to cut relations with dictatorial regimes nor is it going to break with countries that violate human rights, rather these governments will be treated differently--participation in the various integration processes underway in Latin America--both economic and political--and to promote the establishment of Spanish corporations in countries of the American continent.

Latin American Policy

Ideas which have practically been rejected at present are those of a conference on security and cooperation for Central America, in the style of the Conference

on Security and Cooperation in Europe, suggested on several occasions by Felipe Gonzalez and the Spanish minister of foreign affairs, Fernando Moran.

Nicaragua has repeatedly asked Spain to act as mediator between the Sandinist government and the United States. In July, Commander Daniel Ortega, coordinator of Managua's governing junta, said during a visit to Madrid that "our wish would be that Spain would play the role of intermediary to help us hold a dialogue with the United States."

As deputy chairman of the Socialist International and chairman of the Committee of Solidarity with Nicaragua, Felipe Gonzalez has participated very actively in recent years in efforts to bring peace to the Central American region.

Before becoming prime minister of the Spanish Government, Felipe Gonzalez had various contacts with the leaders of the Sandinist Revolution and, discreetly, at times acted as intermediary between them and the United States. In August 1979, Prime Minister Gonzalez wrote in the organ of the PSOE, EL SOCIALISTA, the following opinion on the Nicaraguan Government: "The political plan of those governing Nicaragua today is, in my opinion, a democratic political plan in the progressive sense of the term."

11915

CSO: 3548/87

GARAIKOETXEA UNVEILS PLAN FOR BASQUE PEACE

Madrid EL PAIS in Spanish 17 Jan 83 pp 1, 15

[Article by Javier Angulo]

[Text] Awaiting the PSOE [Spanish Socialist Worker Party] Federal Executive Committee's possible approval today of the proposal submitted by Carlos Garaikoetxea to the prime minister for opening negotiations among nationalists, socialists and Herri Batasuna [HB], with the aim of bringing peace to the Basque Country, the lendakari explained his initiative in Vitoria to eminent leaders of the radical patriotic coalition. By the end of the meeting, HB's willingness to negotiate was apparent.

Very little has been learned about the content of the nearly 2½-hour meeting held in the Ajuria-Enea Palace, the seat of the president of the Basque administration, which was attended by eminent leaders of Herri Batasuna, Inaki Etxeola and Itziar Aizpurua. All that is known is that an examination was made of some of the points which may be discussed in the tripartite negotiations, points which Garaikoetxea disclosed to Felipe Gonzalez during their meeting Thursday in the Moncloa Palace. Five of the points known by reporters are, briefly: the cessation of violence, an examination of possible legalization of independence advocates' choices, the search for a formula to settle the Navarre dispute, the fate of those who would abandon the armed struggle and specification of the levels of Basque self-government.

At the close of the meeting, Garaikoetxea expressed his hope that the PSOE will reach a decision on the proposal as soon as possible and expressed his intention to meet immediately with Txiki Benegas, general secretary of the Basque socialists, to find out his views. Benegas told this newspaper yesterday that even if his party does not reach a decision on Garaikoetxea's initiative, he considers favorable any initiative aimed at achieving peace, although he expressed his skepticism about HB's willingness to negotiate.

It is almost certain that the PSOE Federal Executive Committee will today study the peace plan for the Basque Country, formally submitted on Thursday by Garaikoetxea to Prime Minister Felipe Gonzalez, involving tripartite negotiations among nationalists, socialists and Herri Batasuna. The Basque lendakari held a long meeting yesterday in Vitoria, which he described as "a very important step," with eminent HB leaders to talk about his proposal

and expressed his intention to discuss the matter immediately with the secretary of the Basque socialists, Txiki Benegas.

Very little has been learned about the 2½-hour meeting which the president of the Basque government held yesterday in the Ajuria-Enea Palace with leaders of Herri Batasuna, Inaki Esnaola and Itziar Aizpurua. According to a terse news report, an analysis was made during the meeting of the appropriateness of the most representative Basque political forces studying in negotiations formulas capable of bringing peace to the Basque Country. Garaikoetxea himself, approached by journalists after the meeting, preferred not to reveal its content, although he did acknowledge that they had begun to analyze the significance of some points capable of being negotiated among the three forces, points which he disclosed to Prime Minister Felipe Gonzalez during their meeting on Thursday at the Moncloa Palace.

As Garaikoetxea himself told reporters on Thursday, five of the points are, in brief: the cessation of violence, the possibility that the choices of independence advocates will be legalized, a study of the situation of those who would abandon the armed struggle (actually a thorough examination of the so-called Roson formula), the search for a conciliatory solution to the Navarre dispute and specification of the highest levels of self-government and, in particular, of the duties assigned to the Basque autonomous police.

When Garaikoetxea was asked how HB representatives responded to these proposals, the lendakari said: "Naturally, the usual position of this coalition (which says that negotiation of the basis of the KAS [Socialist Patriotic Coalition] alternative is necessary) is well known and it would be naive to think that it would change with a first meeting. We must proceed on the basis of the understood value that when negotiations are set up, it is because there are parties with different views and that they are engaging in negotiations precisely to reconcile their positions."

Confirming the aforementioned news report, the lendakari stated that in the meeting with HB leaders, it was agreed that it was necessary for the PSOE to be in favor of negotiation of the peace plan which Garaikoetxea submitted to Felipe Gonzalez. "At this time," he said, "it is a sense of responsibility that has led all of us to hold these talks, because very serious events are happening here and it is very important to bring about normalization of coexistence in Basque society. I hope that the PSOE accepts this compromise, which is a compromise for all of us, starting with myself."

Quick Completion of Preliminary Steps

Garaikoetxea expressed his wish that the preliminary steps for setting up the tripartite negotiations would be completed quickly, "since we cannot allow ourselves the luxury of just allowing matters to continue as they are in this country without making haste."

The president of the Basque government said that he intends to meet immediately with the secretary of the Basque PSOE, Txiki Benegas, who has just returned from Managua, where he attended the summit of the Nonaligned Nations Movement.

Benegas, who attended the demonstration yesterday in San Sebastian for the release of Mikel Echeverria, told this newspaper that he has no doubt that his party will be open to a dialogue, even though no official position in this regard has yet been adopted, a matter that is almost certain to be raised in the meeting to be held today by the Federal Executive Committee.

Benegas said that he was personally in favor of arrangements being made to hold negotiations, but added: "The extent to which Herri Batasuna is willing to negotiate must be established." He also appeared somewhat annoyed over the fact that Garaikoetxea has submitted a number of possible points for negotiation, which the secretary of the Basque socialists interprets as prior conditions.

Although the government spokesman did not go so far as to say so on Saturday, it is very possible that Carlos Garaikoetxea's proposal was examined during the informal meeting held by the cabinet of Felipe Gonzalez over the weekend. It is uncertain whether the government will issue a statement concerning the proposal or will prefer that the PSOE leadership adopt some decision in this regard. In that case, the interpretation would be that the government would want the negotiations, if held, to take place between political parties, without the institutional presence of the Spanish and Basque administrations. In this connection, Carlos Garaikoetxea said yesterday that he would participate in the negotiations if his presence were useful to their development. "If institutional participation might be an obstacle to the handling of the problems," he said, "I would not hesitate to withdraw and leave the parties to be the principal negotiating agents."

Negative Reception in Navarre

Carmelo Ridruejo reports that the proposal on peace for the Basque Country, submitted by Carlos Garaikoetxea to Felipe Gonzalez and which includes a reference to Navarre, has aroused much criticism in this province from political parties such as the PSOE, UPN [Navarre People's Union] PDP [People's Democratic Party] and PCE, as well as from provincial institutions.

Of note is the criticism by the Committee of the Parliament of Navarre, which went so far as to state that "the sole legitimate authority for submitting the problems and aspirations of Navarre residents to the government is, in this case, the chairman of the Provincial Delegation or the Government of Navarre. The so-called Navarre question is completely resolved by the constitution and the organic law on Reintegration and Improvement of the Provincial Government of Navarre, the latter having been approved by a broad majority in the provincial parliament and in the Cortes."

The political committee of the Socialist Party of Navarre (PSN-PSOE) in turn made public yesterday a statement in which it reiterated that it does not at all support Navarre's incorporation into the Basque Country. "Neither Garaikoetxea nor any member of the Basque government," the statement read, "has any legitimate authority to meddle in Navarre's institutional politics."

11915

CSO: 3548/87

SOCIALIST STRATEGY DURING TRANSITION QUERIED

Paris LE MONDE DIPLOMATIQUE in French Dec 92 p 4

[Article by Jean Pony: "What Kind of Socialist Strategy for Spain?"]

[Text] In the Spain of the early 1960's, enlisting in the ranks of the opposition to Francoism did not necessarily make you a follower of the Spanish Socialist Workers Party (PSOE). The Communist Party and the Christian Democratic movement were among the most attractive references to claim in the underground. It was then that a group of young Sevillians led by Felipe Gonzalez and Alfonso Guerra decided to take a critical look at a long-immobilized PSOE, but subsequently appeared to have chosen a course that failed either to lend effective support to the struggle against the dictatorship or to offer hope of a genuinely promising future.

As for the future, we can see more clearly today what these young Sevillians had in mind; and as for the struggle against the dictatorship, everything indicates that from the very beginning they had their sights fixed on the post-Francoism period. They believed that the proper strategy was to create a political instrument capable of playing a hegemonic role in a Spain wherein democratization would be a necessary corollary to an economic takeoff. "The dictatorship will fall of its own weight," was Alfonso Guerra's response in 1974 to the invitation made to his party to join a single organization that would struggle against Francoism (the Democratic Council).¹ Was his evaluation borne out by events?

Jose Maria Maravall, sociologist and PSOE leader, wrote recently: "The transition process must be interpreted as a function of two dynamics: on the one hand, a dynamic of reforms initiated from above, and on the other, a dynamic of pressures and demands that are initiated from below, articulated into an aggregate of social movements and interpreted by the political organizations."² Be that as it may, during the entire period of latter-day Francoism the PSOE--with the group of men who would assume complete control of the party in 1974--staked its fate on a sociological wager, namely that the changes which had taken place in Spain had created the conditions for the hegemony of a great reformist movement linked to European socialism. Whatever technocratic content there might have been in this concept was corrected by a very keen intuition on the part of Gonzalez' friends with respect to the permanence of political trends. Choosing the PSOE accordingly made it possible to associate

oneself with a tradition without assuming the burden of an excessively massive organization, as well as to adopt an international posture that is already believed to have been an important factor in the success of the new PSOE.

It was therefore a political plan that was conceived dispassionately and developed with precision, and the victory at the polls on 28 October 1982 was the end result. It remains to be seen whether this plan can yield still greater results--results that go beyond the conquest of an absolute majority of the seats in Parliament. First of all, we should examine the obstacles that the PSOE has had to overcome.

Despite its evident socioeconomic determinism, the PSOE knew well that a great Spanish-style social democracy (although the party never uses the term "social democracy," out of deference to the tradition of Spanish socialism) is not easily incorporated into the structures of society. The Italian example had taught it that the terrain of reformism can be covered perfectly well both by a "modernized" Communist Party (which had indeed been Santiago Carrillo's plan) and by a Christian Democratic-type populist party, following the conclusion between them of a kind of "historical compromise." From 1974 to 1979 at least, Eurocommunism and the "historical compromise" haunted the nights of the Spanish socialist leaders, who despite all the self-assurance they could muster were nonetheless somewhat overwhelmed by the renown that had come to the PCE during 40 years of dictatorship.

Relations With the Communists

Beginning in 1977 the danger of a "historical compromise" became more substantial, because of the fact that at a decisive moment one faction of those ex-Francoist circles that had been won over to democracy (the faction identified with Adolfo Suarez) thought it could solidify its power and make it long-lasting by assisting Carrillo's aspirations, in the hope that a socially strong but politically impotent Communist Party could stabilize Spanish political life around the Center-Right and force the PSOE into a policy of alliances it did not desire. The impression of a Center-communist "pincers" accordingly compelled the PSOE (at least until 23 February 1981, the date of the failed coup of Lieutenant Colonel Tejero) to direct all of its blows against an invertebrate Center that did not have the means to implement its policies. The PSOE accordingly helped to destabilize the Center, to the benefit of the powerful Right of Fraga Iribarne. This shift to the right on the part of centrism enabled the PSOE to broaden its electoral base and thereby aspire to a hegemonic role. Only the future will tell whether this Spanish-style bipolarization is or is not fraught with danger for a fragile democracy. Everything leads us to believe that the victorious PSOE realizes this and will seek--now that it is in power--to form those alliances that it rejected when it was a part of the opposition. Its antipincers operation was so successful, however, that it is hard to see with whom the party will be able to ally itself.

The PSOE has thus succeeded in preventing an interclass movement from spreading sufficiently to render impossible the Right-Left political alternation--based on the Northern European model--which it has envisaged for Spain.

Preventing the emergence of an interclass movement at the center of the political spectrum made no sense unless the PSOE simultaneously was capable of occupying all the electoral terrain on the Left. In this connection the PSOE came into conflict with Carrillo's Eurocommunist program and the PCE's strong presence in society. The new leaders of the PSOE were prepared to meet this situation with determination and versatility. Although the resolution passed at the Suresnes congress (October 1974) envisaged "agreements with the anti-Francoist parties and organizations, and basically with the forces of the Left," it was only for the short term. The PCE was not mentioned by name, and the only objective was to reestablish the democratic freedoms.

Indeed, the PSOE wanted to "walk alone." It did not want to get involved with the PCE during the final period of Francoism, so that it could have a free hand later. That is doubtless why it did not imitate the French model (Common Governmental Program). Somewhat constrained and forced, it did take part in a joint organization of the democratic opposition (The "Platform") at a time when Fraga Iribarne and Arias Navarro were attempting to obstruct the democratic process. After Adolfo Suarez--at the insistence of the King--had gotten the process under way again, the "Platform" was laid to rest.

The weakness of the PSOE during that period was due to its limited trade-union base. This is the reason why it had attempted since the death of Franco to obtain preferential treatment for the General Union of Workers (UGT)--which it controls--from the governmental authorities, with a view to frustrating the extensive and preponderant influence of the workers' committees. Spanish employers, and the Ministry of Labor (which was under the direction of Francoist functionaries), were all the more receptive to a policy favoring the socialist trade-union federation in that they wanted to avoid the creation of a unified trade-union organization that would be under communist influence. The example of neighboring Portugal worried them.

During the second stage of the transition--the constituent stage--the PSOE, encouraged by the 30 percent vote it had received on 15 June 1977, nonetheless did not let down its guard before a Communist Party that had received less than 10 percent, in consideration of its own organizational fragility. A current of thought then emerged within the party that favored a formal alliance with the PCE on the model of the Popular Front. Neither S. Carrillo nor F. Gonzalez wanted any part of such an alliance; both men were convinced that it could abort the transition to democracy.

Gonzalez feared, moreover, that an alliance of this sort would establish in Spain a political pluralism of the Left--something that he rejected without saying so. For the Spanish socialist leaders, in effect, the PSOE--and it alone--represented the Left for the purposes of the alternation; from this point of view the PCE was merely a marginal phenomenon, inflated artificially by the conditions of a political struggle that had not been regulated by universal suffrage. A leftward outcome of the democratic transition would accordingly entail elimination of the PCE as a political force. It was an implacable program, and in 1977 and 1978 it did not appear to be a very realistic one, to say the least. You heard people say: "Felipe Gonzalez is overly impressed by the Swedish model; in southern Europe communism has roots."

And when in 1979 the PSOE was obliged to conclude a pact with the PCE to administer the Leftist municipalities, there was reason to believe that the party should accept the proposition that it was not the sole political expression of the working population. Nothing came of this, however; the municipal pact did not for long divert the PSOE leadership from its basic ambition. Beginning in 1980, moreover, they derived substantial encouragement from the crisis that broke out on all sides within the PCE; and the electoral defeat recently sustained by the PCE would appear to confirm the PSOE's analysis of that party.³

The PSOE has in this way been able to avoid being saddled not only with a "historic compromise" but also with an alliance of the "Common Governmental Program" type. It has freedom of action--more so than any of the great social democratic parties of northern Europe. It has succeeded in its gamble that it could bring Spanish politics back into the mold of the traditional parliamentary democracies. Never in Spain has any political party enjoyed such a broad consensus. In this Latin country, the intensive ideologization of political options had led to the most extreme fragmentation of the political forces of the nation. Neither the Right nor the Left had been able to achieve even a minimum of homogeneity. Coalitions were made and unmade.

One may ask: "Is the victory of the PSOE the victory of a modern and European Spain? Is it the sign of an irreversible change in Spanish society?" Looking at the left side of the spectrum, one might suppose so: witness the disappearance of anarcho-syndicalism, the shunting aside of the PCE, and the affirmation of a hegemonic socialist party (somewhat in the Swedish tradition). Looking at the right side of the spectrum, however, one begins to have doubts: the Right-Left consensus concerning the viability of the national institutions--a consensus that would have been plausible if the Center had been able to hold its own--does not exist. It is under these conditions that the PSOE in power will be obliged to move against a predemocratic governmental apparatus in order to deter the putschist tendencies present in the "separate corps" (army, police). The political model of northern Europe is viable in those societies where the competition between political and social choices does not alter the basic institutional consensus, and where--as regards adaptation of the governmental apparatus to a pluralistic society--the fundamental problems have been resolved. These problems have not been resolved in Spain, as the Spanish socialists are well aware; they realize their lot is more difficult than that of their British or Norwegian counterparts.

The failure of the socialists would, moreover, mean more than just the return of their party to the ranks of the opposition. It would undoubtedly mean the failure of democracy. In respect to their perception of the danger of authoritarianism in Spain, the PSOE has matured a great deal since the "illuminist" phase of the transition years, when the party appeared to believe that a battery of economic and social indices had the effect of guaranteeing democracy in Spain. It has learned in recent years that the womb which throughout history has spawned so many monsters is still fecund, and it is therefore approaching the problem of the danger of military coups d'etat with a new seriousness. There was a time when its "expert" on relations with the army,

Mujica Herzog, would wax euphoric in terms that recalled the ingenuousness of the Chilean Left. Today, his relative self-effacement should undoubtedly be interpreted as a sign that the PSOE is giving more serious consideration to the real danger of a coup d'etat.

Few Members for Many Voters

If there is reason to believe that political struggles--in a Spain governed by the PSOE--will not be waged exclusively within the institutional structure, with their outcome decided at the ballot box, one must wonder as to the organizational instrumentalities that the PSOE will be able to develop and utilize.

At its special congress in 1979 the party proclaimed itself "a class party and a mass party," in Gramscian terms but without making any explicit reference to Gramsci. The 29th congress (in October 1981) slightly shifted the party's emphasis more toward the electorate: "The party," it said, "...involves in its plan for social change not only its membership but also its electorate." Indeed, the PSOE has apparently not made a decision between two concepts: the concept of a party of the masses that is strongly led by a cadre of activists, and the concept of a "lightly structured" party (in the words of the friends of Bruno Craxi in Italy) that does not in effect erect a screen between party headquarters and the electorate.

In 1978 a debate took place within the PSOE concerning the advisability of retaining the reference to Marxism in the party statutes. Felipe Gonzalez had in mind a sort of Bad-Godesberg. The resistance of an ideological nature that he had encountered, and the compromise that he had been obliged to conclude, had undoubtedly convinced him that his political plan would not translate--at that particular moment--into the creation of a large, structured and activist party. The leadership of the PSOE had obviously chosen the course of personalizing their leader, focusing on his charisma. In this respect the party more closely resembled the PASOK [expansion unknown] of Papandreu than any social democratic party. On the eve of the October 1982 elections the PSOE had fewer than 100,000 members--a member-voter ratio that was cause for alarm. Moreover, the social composition of the party bore no real relationship to the composition of the socialist electorate, particularly from the point of view of worker representation. Lastly, there is an "age pyramid" in which the "under thirty" age group is virtually absent, despite the fact that it does make up the rank and file of the PSOE electorate.

The relative self-effacement of the party in an American-style campaign centered on the figure of Felipe Gonzalez has obviously paid off at the ballot box. The Spanish political parties are in profound disrepute, and it is no accident that the most recent elections were waged around two names: that of the current victor and that of Fraga Iribarne. This has served only to make the fragility of Spanish democracy all the more apparent. Solicitous of their leader and justifiably anxious to strengthen his hand, will the PSOE leadership seek to build a better organic relationship between its electoral base

and the party? Such a relationship is one of the characteristics of the social democrats of northern Europe and one of the conditions of their permanence. The subtle electoral technology of Alfonso Guerra would encounter serious limitations if he believed that the task of a socialist government would be facilitated by a "pocket-size" PSOE.

The PSOE organization therefore continues to suffer from the "Mediterranean malaise," whereas its ideology and practice relate more to northern Europe. Its relationship with the labor movement, however, tends to replicate the party-labor relationship that prevails in Sweden or Great Britain. In pre-Franco Spain the Amiens charter created no inhibitions. The reorganized PSOE maintains a close relationship with the UGT, which allows itself to be portrayed as "the socialist labor federation" and brandishes Gonzalez' picture in its campaigns in the factories and offices. The influence of the UGT has substantially approached that of the worker committees. Although it is certainly less marked than it was 4 years ago, the discrepancy between political voting habits and trade-union voting habits does still exist, and the PSOE enjoys only a minority representation in the trade-union movement. The crisis being experienced by the PCE, however, also affects the trade-union federation with which it is associated, and the trend toward homogenization of the trade-union vote with the political vote could possibly be strengthened following 28 October. It may be that the worker committees have had their day, despite Canacho's efforts to insulate them from the internal disputes of the PCE. If that is the case, one should never forget what they have meant to the Spanish working class during the dark days of Francoism, while at the same time taking cognizance of the fact that the PSOE is able to approach its governmental tasks under conditions made more favorable by virtue of the degree of representation acquired by the trade-union federation which it controls.

The group of young Sevillians of whom we have spoken has accordingly carried out a plan characterized by complete precision. Basically, the crisis has not called the economic and social postulates of this plan into question. There is indeed a new, moderate, reformist, democratic Spain--a Spain that has no illusions and is passionately devoted to domestic peace. It is this Spain that put Felipe Gonzalez in power, and the "basic" Spain has accepted him. Many questions exist concerning the PSOE program, but it is quite clear that this program--in the form given it by its authors and by its broad base of public support--is the hope of Spain. It expresses what this country--so deeply scarred by the painful history of the failure of its democratization efforts throughout almost 2 centuries--has now achieved in terms of results that are maximally effective and in tune with reality. This is also why one must be careful not to pass judgment from a distance as to the "timidity" of the socialist program. Timidity in respect to what? Is it a social democratic program? One would like to respond: "What difference does it make--if it is a program that is able to hitch Spain securely to democracy's star?"

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1. Concerning the plan to organize "a party for power," one may read with interest "El Desafio socialista" [The Socialist Challenge] by Cesar Alonso de los Rios and Carlos Elordi (Iata, 1982).

2. The social and political bases of the socialist plan are studied in a book by Jose Maria Maravall, "La Politica de la transicion--1975-1980" [The Politics of Transition, 1975-1980] (Taurus, 1982).
3. See Jean Rony, "The Crisis of the PCE," in LE MONDE DIPLOMATIQUE, February 1982.
4. "The situation through which our country is passing, as manifested by the events of these past few years with respect to the transition, and more specifically by the coup-oriented activities of this year...reveals the fragility of our democracy" (--Resolution of the 29th PSOE congress, October 1981).
5. The PSOE no longer describes itself as Marxist, but "accepts Marxism as an aggregate of theoretical elements that make possible an understanding of social reality and create the bases for its transformation" (--Resolution of the 1979 special congress).

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SAINT-CYR REFORM TO ADAPT TRAINING TO DEFENSE STRATEGY

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[Speech given by Charles Hernu and report given by Deputy Chauveau on Saint-Cyr reform.]

[Text] We publish below:

- the speech delivered on 28 September 1982 by the minister of defense, Charles Hernu, at the inaugural session of the Council for Improvement of the Special Military School of Saint-Cyr, at the Hotel de Brienne;
- the report to the National Assembly by Mr Chauveau, deputy from Sarthe and member of the National Defense Committee.

It is the desire of the Conventions for the New Army on this occasion to elicit the opinions of everyone, and it is intended to establish an open tribune in these columns.

The minister of defense, Charles Hernu, has decided on a far-reaching reform of the academic organization of the Special Military School of Saint-Cyr.

The aim of this reform is to combine realistic and in-depth military training with general training of the highest level. This objective could not be achieved within the framework of the 2 years heretofore provided for education at Saint-Cyr. Thus, as of the 1982 school year, the students of the Special Military School will do a 3-year course. The first year will be devoted exclusively to military training. After a period in an officer-cadet unit, the students will go into the Army's organic units to carry out the duties of officer-candidate for the rest of the year.

This period will enable them to acquire both the foundations of the military profession and a realistic understanding of life in organic units. It will enable them to make sure of their vocation and their aptitude and, for those who have made an erroneous choice, to reorient themselves without any prejudice. The second and third years will be spent--for the time being, in any case--at Metzquidan. They will be devoted both to broadening and deepening military techniques and to general training at the level of the best graduate colleges. Statutory provisions will be established in order for extension of studies not to slow down development of Saint-Cyrians' careers.

Furthermore, an improvement council will be set up between now and autumn, composed of independent personages, which will be charged initially to make specific proposals relating to the program of studies and the choice of teachers. A personality of the highest level will be placed at the head of it.

By these dispositions, the minister of defense means for the recruiting for the Special Military School of Saint-Cyr, which trains the largest number of high-level cadres for the Army, to be definitively placed in the rank that it should have, in view of the decisive importance of the tasks entrusted to its alumni.

Speech by the Minister of Defense

Saint-Cyr, along with the Polytechnique, is the oldest of our schools for the training of officers. At my request, it is undergoing a wide-ranging reform today.

A reform whose scope is commensurate with a prestigious past that has guided and inspired our reflection: it involves nothing less than placing Saint-Cyr among our country's best graduate colleges, for training Army officers whose aptitudes and competence can be compared favorably with those of the nation's highest cadres.

The improvement, the continual upgrading, that this design presupposes is dependent on the creation of an organism that can express the desire for it in a permanent manner.

That is the reason why we have created a Council for Improvement. That is the reason why I as minister of defense have made a point of personally ensuring its installation, along with the secretary of state, to whom I have assigned responsibility for the questions of education within the Ministry of Defense and who has proposed to me the reforms in progress.

The composition of the Council that you are constituting, the merits and diversity of the personages who you are, clearly show what we desired: an open and independent Council for Improvement that is the preferential locus for rapprochement between those who know Saint-Cyr from the inside and those who can have the most objective comparative understanding of it.

A Council for Improvement of this quality can have only missions of a high order assigned to it.

I just told you the essential part of our ambition. I will state it more specifically: we want to train exemplary officers, situated from the outset at the highest level of the young Frenchmen of their generation and capable later, by virtue of the value and content of their initial training, of taking on high functions in a perfect harmony with the nation, in whose service they are placed.

The first measure already taken is of such a nature as to clarify your work, to indicate to you the direction to follow.

The length of the course at the Special Military School has been extended by 1 year. It has gone from 2 to 3 years.

The class that has just entered Coetquidan will learn concretely, for 12 months, just what military life is like.

It is going to have an initial experience of the profession of officer.

In a year, after having served in an organic unit, the officer-cadets will return to the School for 2 years of studies, the content of which it is now up to you to determine.

In this working-out of the program of studies, your task will be defined better when I have indicated the principles that I have desired to be implemented.

1) First of all, it is advisable, in the organization of the 2 years, to achieve a strict separation between the military education and the general training, so that the time devoted to the former will not be harmful to the latter.

2) The general training should lead to a diploma whose level is indisputably high and that can give access to the third cycle of higher education.

3) The general training, whether scientific or literary, should be aimed at three objectives:

- to make possible the acquisition of working methods of such a nature as to prepare the officers to grasp and solve all the problems posed to them;
- to give the future officers an overall concept of the society, national and international, in which they will exercise their responsibilities;
- to make it possible for the students to acquire a real competence, in a limited field but one that is significant and useful for their careers as they develop.

Such a program, aimed at such objectives, requires that the Special Military School have a teaching staff at the level of higher education. It will consequently be up to the Council for Improvement to define both the characteristics of the education dispensed (providing for master classes and lectures on method or sessions of practical work) and the quality of the future teachers: lecturers from universities, from industry, from the armed forces' administrations, etc., and the permanent teaching staff.

It goes without saying that the objectives sought could not be reached if the reform were limited exclusively to modifying the academic organization. The level and content of the entrance examinations and the modalities of their preparation must also be thought out anew.

For the whole of this work, whether current or medium-term, the Council for Improvement must count on resources commensurate with the essential and priority character that I assign to the training of the students in our high-level military schools. It will have the support of the secretary of state, responsible

for the schools. It will be aided by the general staff of the Army and by the schools command, which will furnish its secretariat.

You are aware, gentlemen, that the task asked of you is not a run-of-the-mill one. The stakes are considerable: training those who will exercise, at the highest level, the profession of officer of the Army. The imperative of opening up to the outside world that the president of the republic assigned, upon his election, to the schools in general is imposed likewise on the military schools. The establishment of your Council is an illustration of this fact.

Report by Mr Chauveau, Deputy from Sarthe

Last year, the National Defense and Armed Forces Committee of the National Assembly charged me to present an information report on the military schools.

An immense task! For until the present, the honorable committee had practically never devoted attention to the question of the training of the men of defense.

Yet it is essential, and on it depends, for the major part, the quality of the officers who will have the responsibility of commanding the French armed forces in the future: our colonels of the year 2000.

It represents 80,000 persons--more than 10 percent of the total personnel strength--and it breaks down as follows:

- 45,000 active-army personnel;
- 31,000 conscripts;
- 5,500 civilian personnel.

The first part of my report, which has just come out, deals with the recruiting and training of the three armed forces and the National Gendarmerie.

It leaves aside the interbranch training, the training of noncommissioned officers and the schools of the Medical Corps and of the General Delegation for Armament--subjects that will be dealt with in a second volume.

I shall not describe in detail here the training dispensed in each of the schools that I have visited and in which I received an excellent welcome.

I would like to limit myself to three topics:

- adapting the training of officers to our defense strategy;
- opening the Army up to the outside world;
- ensuring more dynamic management of the careers of officers.

I. Adapting the Training of Officers to Our Defense Strategies

It is not surprising that certain young officer-cadets dream mainly of repeating the exploits of the past and of belonging to "prestigious branches," such as the "colonial."

The current concept of training is to give, in the initial phase, reflexes of military behavior, to strengthen the necessary moral, intellectual, physical and human qualities in them, to get them to acquire a basic professional competence and provide them with the foundations of a defense culture while at the same time developing their general culture; in a second phase, to prepare the future cadres directly for the tasks that will be assigned to them in the corps by giving them, on a priority basis, the technical and tactical knowledge required for their branch qualification or specialty.

The duality of this training is disputed today by the "Saint-Cyr recruiting" committee: the vocation of Saint-Cyr should, in fact, no longer be to train section chiefs--a training provided by the branch schools--but rather to aim at the training of /officers of high responsibility/.

In effect, the training of military cadres should be adapted to the scientific and technical revolution, to raising the standard of cultural life, to development of morals and to preparation of the defense effort within the framework of a prolonged peacetime situation. In this regard, it is entirely surprising that no chair of strategy exists in our military schools.

The military cadres of tomorrow should not be trained today in the spirit of yesterday. The system of traditional values specific to the armed forces--order, discipline, service, disinterestedness--should be enriched by the spirit of openness and dialogue, by the team spirit, the sharing of responsibilities and, especially, by the capacity of adaptation to new situations.

This capacity will be all the more developed if the officer has acquired a good level of understanding with regard to French society--in particular, by means of the Army's opening up to the outside.

II. Opening the Army Up to the Outside World

- by improving the training programs;
- by ensuring the most recruiting possible.

The training programs, of a purposely very concrete military-training character, currently leave little time for comparison of ideas and reflection. Overworked cadets scarcely have the time for it.

The reform of education at Saint-Cyr that went into effect as of September 1982, with the institution of a first year devoted exclusively to military training, followed by 2 years of high-level general education, will make it possible, I hope, to strengthen general culture founded on knowledge of the facts of the economic and social evolution and of political life.

In order to restore all its prestige to Saint-Cyr, it would also be necessary to decrease the number of admissions and to call on personages of great renown to take part in certain teaching programs.

The Naval School and the Air School, on the other hand, have no reason, as regards their level, to envy the other high-level special schools. It would nev-

ertheless be advisable to develop general culture, as the cadets themselves wish. On the other hand, opening up the military schools widely to the outside world by enabling all the cadets to take at least part of their course work in a civilian university would be doubly advantageous: from the point of view of acquisition of knowledge but also of understanding of French society. This would constitute an important opportunity for creating bonds between the Army and the nation.

An openness of mind that should be applied also to officers' way of life--especially in the most explicative way of commanding and a way that corresponds best to the aspirations of French youth.

This would make it possible to give young people, and especially those who do their national service, a different image of the career military.

At present, this negative image has the consequence of disinteresting young people in a military career. This explains the high proportion of sons of military men who make a career in the armed forces.

A second explanation has to do with the way in which recruiting is established.

In effect, it is advisable to broaden and diversify the direct recruiting of officers: 90 percent of the students admitted to Saint-Cyr's letters-and-sciences competitive examination come from military schools, and 30 percent are the sons of military men.

As regards the general-education military schools, I consider that an end should be put to the anachronism presently constituted by the promise of recruiting of minor cadets and that it should be replaced by an education contract. These military schools should no longer be likened to organic army units, which subjects the young cadet to the same disciplinary rules as for active-army military men; in future, the cadets of the military lycees should be subject only to the internal regulations of the military lycee on the model of what exists in the civilian lycees. The decree of 12 September 1982 relative to the military lycees spells out these new orientations.

It is indispensable, of course, that there be reception structures--that is, military schooling establishments to receive the children of armed-forces personnel, because of the things, such as their mobility, to which these personnel are subjected.

It is not the task of the Ministry of Defense to prepare the students for the secondary-school diploma, even if they are the children of military personnel.

As regards the courses preparatory for the high-level military schools, a distinction is made between a preparation in the military schools for which entry is reserved on a priority basis to those having entitlement and preparation in the civilian cornices, the results of which are poor (12 percent of those received at Saint-Cyr in the 1980 competitive examination).

The decision to open up new civilian preparatory course programs will be insufficient if it does not draw the lessons from the difficulties encountered by

the five civilian "cornices" already existing. It is advisable to give them the same facilities which the military "cornices" enjoy, if it is desired to improve their results in the competitive examinations.

It will also be desirable to align the competitive-examination programs with those of certain higher engineering or business-education schools and to set up competitive qualifications examinations open to the young people admitted to the engineering schools or holding certain university diplomas. The level of the candidates will be all the higher as the career outlooks are opened up.

At present, the comparison with the opportunities offered by other high-level schools cannot hold up. That is why I am in favor of more dynamic management of the personnel.

III. Ensuring More Dynamic Management of the Careers of Officers

A lowering of the age of the Army's officers should result from the application, since 1976, of the special rules governing the officer corps, and especially the rules for officer advancement:

- automatic or semiautomatic advancement within a group of ranks (group I: second lieutenant, first lieutenant, captain; group II: major and lieutenant colonel; group III: colonel);
- advancement by selection to a higher rank group: captain to major, lieutenant colonel to colonel. In this case, promotions are possible only for the officers who are in an advancement "slot" that covers a rank-seniority span of 5 years.

These new provisions have had the effect of accelerating advancement (which will be from 4 to 5 years at "cruising speed") and, as a consequence, a decrease in the age of access to the various higher-officer ranks.

In the long term, access to the rank of colonel will be statutorily possible for officers with only 17 years of service as an officer, while the minimum seniority is around 22 years.

The lowering of the age for access to the rank of colonel is therefore notable, but its evolution is slow. In effect, this age-lowering derives directly from the new statutory rules governing advancement, which can have their full effect only in the long term. It will be necessary to wait for 1984, with the seniority term of the colonels of 1980 (who were the majors of 1976), to note a significant initial difference. This ineluctable trend toward age-lowering should have its full effect starting in 1990, with the captains of 1976 (who will be the majors of 1982 and the lieutenant colonels of 1986).

While the new rules ensure the lowering of advancement age, age-lowering in access to responsibilities remains, for the time being, a wish: one Sair-Cyrian out of three will take on an operational command, with full responsibility, becoming a chief of corps, but only at the age of 45.

But this represents not only a problem of individual improvement of careers, but also the necessity for the armed forces to have some quite young general officers in order to be open to change, capable of exciting the loyalty and triggering the enthusiasm of their subordinates. An older chief of corps does not have the qualities--physical in particular--for commanding in the field without handicap.

One notes that in civilian society today there are many young men--ministers, managing directors or members of Parliament--who, from 40 on, hold the keys to power necessary for transforming situations.

It is advisable to stop referring constantly to a uniform career model, for without detracting from merit, it is an entirely admissible notion that certain officers are made better for the exercise of command than are others. It is therefore necessary to take the talents of each into account and even to upgrade certain jobs that are currently considered too technical and therefore too subordinate, which in the end will make it possible for each personality to expand his qualities within the framework of functions that correspond best to his personality. Why is it absurd to imagine that the armed forces tomorrow could have a chief of general staff of 45? It is a matter of managing, without too much embarrassment to seniority conditions, to assign to a given post the person who possesses the most obvious qualities for assuming the task.

That is why I am entirely in favor of accelerating careers and of a more selective policy of cadre-personnel management.

The stakes in the decisions that will be taken are of extreme importance: the quality of our colonels of the year 2000 depends on them.

The reform of Saint-Cyr represents a notable waypoint. It should make it possible to open up the school to the outside and to make its education program correspond to the strategic purposes of our defense policy.

We must not stop there.

It is necessary, in a context of peace, to take all action to permit the strengthening of the fundamental bonds between the Army and the nation. This will be possible if the military ethic inculcated is in line with the values of civilian society.

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